

VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

CORPORATE INFORMATION

Business registration certificate

No. 0103018458 dated 23 July 2007 which was initially issued by the Ministry of Transport.

Enterprise registration certificate

No. 0102325399 dated 23 July 2007 which was initially issued by the Department of Planning and Investment of Ha Noi City with the latest 28th amendment dated 8 October 2020.

Investment registration certificate

No. 2357762445 dated 30 December 2016 which was initially issued by the Board of Management of Saigon Hi-Tech Park for a period of 50 years from the date of the initial investment registration certificate.

Board of Directors

Mrs. Nguyen Thanh Ha	Chairwoman
Mrs. Nguyen Thi Phuong Thao	Vice Chairwoman
Mr. Nguyen Thanh Hung	Vice Chairman
Mr. Chu Viet Cuong	Member
Mr. Luu Duc Khanh	Member
Mr. Dinh Viet Phuong	Member
Mr. Donal Joshep Boylan	Member

Board of Management

Mrs. Nguyen Thi Phuong Thao	Chief Executive Officer
Mr. Dinh Viet Phuong	Permanent Vice President cum Managing Director (from 1 October 2020)
Mr. Luu Duc Khanh	Managing Director (until 1 October 2020)
Mrs. Ho Ngoc Yen Phuong	Vice President cum Chief Finance Officer
Mr. To Viet Thang	Vice President
Mr. Luong The Phuc	Vice President
Mr. Nguyen Duc Thinh	Vice President
Mr. Nguyen Thanh Son	Vice President
Mrs. Nguyen Thi Thuy Binh	Vice President
Mr. Tran Hoai Nam	Vice President
Mr. Nguyen Duc Tam	Vice President (until 1 October 2020)
Mr. Do Xuan Quang	Vice President

VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

CORPORATE INFORMATION (continued)

Board of Supervision	Mrs. Tran Duong Ngoc Thao Mrs. Doan Thu Huong Mr. Pham Van Dau	Head Member Member
Legal representative	Mrs. Nguyen Thanh Ha Mrs. Nguyen Thi Phuong Thao Mr. Dinh Viet Phuong Mr. Luu Duc Khanh	Chairwoman Chief Executive Officer Permanent Vice President cum Managing Director (from 1 October 2020) Managing Director (until 1 October 2020)
Registered office	302/3 Kim Ma Street, Ngoc Khanh Ward, Ba Dinh District, Hanoi City, Vietnam	
Auditor	PwC (Vietnam) Limited	

VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

STATEMENT OF RESPONSIBILITY OF THE BOARD OF MANAGEMENT OF THE COMPANY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Management of VietJet Aviation Joint Stock Company (“the Company”) is responsible for preparing consolidated financial statements of the Company and its subsidiaries (together referred to as “the Group”) which give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of the consolidated results of its operations and its consolidated cash flows for the year then ended. In preparing these consolidated financial statements, the Board of Management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board of Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and enable consolidated financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the consolidated financial statements. The Board of Management is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud or error.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements as set out on pages 6 to 68 which give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements.

On behalf of the Board of Management



Nguyen Thi Phuong Thao
Chief Executive Officer

Ho Chi Minh City, SR Vietnam
30 April 2021



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF 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 were prepared on 31 December 2020 and approved by the Board of Management of the Company on 30 April 2021. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2020, the consolidated income statement and the consolidated cash flow statement for the year then ended, and explanatory notes to the consolidated financial statements including significant accounting policies, as set out on pages 6 to 68.

Responsibility of the Board of Management

The Board of Management of the Company is responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated financial statements; and for such internal control which the Board of Management determines as necessary to enable the preparation and fair presentation of the 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 the 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 standards and requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the consolidated financial statements of the Group are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including an 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 Group's preparation and true 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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, 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 present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, its consolidated financial performance and consolidated cash flows of the Group for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated financial statements.

Emphasis of Matter

We draw attention to Note 2.2 in the consolidated financial statements, which indicates the impact of the COVID-19 pandemic on the Group's operations. The Group's ability to continue as a going concern depends on the Group's ability to generate sufficient cash flows from aviation activities and other solutions as presented in Note 2.2. These conditions, along with the impact of country travel restrictions and recovery of air travel demand between countries, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our audit opinion is not modified in respect of this matter.

Other Matters

The consolidated financial statements of the Group for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 30 April 2020.

The independent auditor's report of consolidated financial information is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English versions, the Vietnamese version shall take precedence.

For and on behalf of PwC (Vietnam) Limited



Mai Viet Hung Tran
Audit Practising Licence No.
0048-2018-006-1
Authorised signatory

Trieu Nguyen Duy
Audit Practising Licence No.
3022-2019-006-1

Report reference number: HCM10859
Ho Chi Minh City, 30 April 2021

VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Form B 01 – DN/HN

CONSOLIDATED BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2020 VND	2019 VND
100	CURRENT ASSETS		25,382,768,751,524	23,833,884,667,975
110	Cash and cash equivalents	3	2,926,425,627,363	5,364,049,804,580
111	Cash		1,240,956,976,086	3,823,871,167,200
112	Cash equivalents		1,685,468,651,277	1,540,178,637,380
120	Short-term investments		604,000,000,000	1,144,756,800,000
121	Trading securities	4(a)	990,000,000,000	990,000,000,000
122	Provision for diminution in value of trading securities	4(a)	(390,000,000,000)	(555,000,000,000)
123	Investments held to maturity	4(b)	4,000,000,000	709,756,800,000
130	Short-term receivables		20,896,413,814,943	16,131,149,866,130
131	Short-term trade accounts receivable	5	8,595,121,205,429	7,614,990,981,534
132	Short-term prepayments to suppliers	6	163,063,451,513	187,271,445,833
136	Other short-term receivables	7(a)	12,138,229,158,001	8,328,887,438,763
140	Inventories		712,093,262,127	747,898,679,837
141	Inventories	8	712,093,262,127	747,898,679,837
150	Other current assets		243,836,047,091	446,029,517,428
151	Short-term prepaid expenses	9(a)	212,806,066,718	382,337,666,788
152	Value Added Tax to be reclaimed		2,665,999,116	533,971,429
153	Tax and other receivables from the State	15(a)	28,363,981,257	63,157,879,211

The notes on pages 12 to 68 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET
(continued)

Code	ASSETS (continued)	Note	As at 31 December	
			2020 VND	2019 VND
200	LONG-TERM ASSETS		19,814,061,480,237	25,024,869,140,536
210	Long-term receivables		12,969,528,319,817	15,594,389,684,300
215	Long-term lendings	12	499,159,644,000	1,200,982,168,000
216	Other long-term receivables	7(b)	12,470,368,675,817	14,393,407,516,300
220	Fixed assets		850,496,391,339	1,304,424,116,769
221	Tangible fixed assets	10(a)	849,424,949,655	1,302,137,079,158
222	Historical cost		1,123,923,896,200	1,688,544,748,056
223	Accumulated depreciation		(274,498,946,545)	(386,407,668,898)
227	Intangible fixed assets	10(b)	1,071,441,684	2,287,037,611
228	Historical cost		30,834,110,655	30,818,110,655
229	Accumulated amortisation		(29,762,668,971)	(28,531,073,044)
240	Long-term asset in progress		804,241,395,933	1,318,401,443,379
242	Construction in progress	11	804,241,395,933	1,318,401,443,379
250	Long-term investments		198,244,065,926	215,973,206,218
252	Investments in associates	4(c)	42,270,859,708	60,000,000,000
253	Investments in other entities	4(d)	149,417,024,400	149,417,024,400
255	Investments held to maturity	4(b)	6,556,181,818	6,556,181,818
260	Other long-term asset		4,991,551,307,222	6,591,680,689,870
261	Long-term prepaid expenses	9(b)	4,991,551,307,222	6,591,680,689,870
270	TOTAL ASSETS		45,196,830,231,761	48,858,753,808,511

The notes on pages 12 to 68 are an integral part of these consolidated financial statements.

VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Form B 01 – DN/HH

CONSOLIDATED BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 31 December	
			2020 VND	2019 VND
300	LIABILITIES		30,218,431,246,643	33,955,921,978,450
310	Short-term liabilities		19,833,798,568,095	19,169,599,306,127
311	Short-term trade accounts payable	13	3,421,611,923,374	1,894,934,971,369
312	Short-term advances from customers	14	772,902,367,939	669,963,368,463
313	Tax and other payables to the State	15(b)	293,546,908,739	469,282,981,764
314	Payable to employees		62,911,822,426	-
315	Short-term accrued expenses	16	867,910,965,757	1,145,215,966,220
318	Short-term unearned revenue	17	867,654,596,914	3,184,286,840,374
319	Other short-term payables	18	1,588,286,971,646	1,619,834,618,924
320	Short-term borrowings	19(a)	10,094,815,636,734	8,161,089,248,187
321	Provision for short-term liabilities	20	1,864,157,374,566	2,024,991,310,826
330	Long-term liabilities		10,384,632,678,548	14,786,322,672,323
337	Other long-term payables		42,376,777,401	70,758,354,580
338	Long-term borrowings	19(b)	1,347,040,509,856	3,661,872,522,217
341	Deferred income tax liabilities	21	67,824,775,143	394,444,939,970
342	Provision for long-term liabilities	20	8,927,390,616,148	10,659,246,855,556
400	OWNERS' EQUITY		14,978,398,985,118	14,902,831,830,061
410	Capital and reserves		14,978,398,985,118	14,902,831,830,061
411	Owners' capital	22, 23	5,416,113,340,000	5,416,113,340,000
411a	- Ordinary shares with voting rights		5,416,113,340,000	5,416,113,340,000
412	Share premium	23	245,949,492,805	245,949,492,805
415	Treasury shares	23	(2,347,121,362,620)	(2,347,121,362,620)
417	Foreign exchange differences	23	73,551,097,850	64,819,738,693
421	Undistributed earnings	23	11,589,250,587,139	11,520,659,436,312
421a	- Undistributed post-tax profits of previous years		11,520,659,436,312	7,713,898,242,829
421b	- Post-tax profits of current year		68,591,150,827	3,806,761,193,483
429	Non-controlling interests	23	655,829,944	2,411,184,871
440	TOTAL RESOURCES		45,196,830,231,761	48,858,753,808,511

Hoang Manh Ha
Chief Accountant

Ho Ngoc Yen Phuong
Vice President
cum Chief Finance Officer

Dinh Viet Phuong
Permanent Vice President
cum Managing Director
30 April 2021



The notes on pages 12 to 68 are an integral part of these consolidated financial statements.

VIETJET AVIATION JOINT STOCK COMPANY AND ITS SUBSIDIARIES

Form B 02 – DN/HN

CONSOLIDATED INCOME STATEMENT

Code	Note	Year ended 31 December	
		2020 VND	2019 VND
01	Revenue from sales of goods and rendering of services	18,220,292,888,526	50,602,936,007,389
02	Less deductions	-	-
10	Net revenue from sales of goods and rendering of services	18,220,292,888,526	50,602,936,007,389
11	Cost of goods sold and services rendered	(19,632,221,357,027)	(44,980,140,698,282)
20	Gross (loss)/profit from sales of goods and rendering of services	(1,411,928,468,501)	5,622,795,309,107
21	Financial income	970,429,628,494	780,495,784,919
22	Financial expenses	(419,415,685,869)	(1,024,667,417,427)
23	- Including: Interest expense	(452,572,729,500)	(351,417,652,590)
24	Share of losses in associates	(17,729,140,292)	(91,807,064,610)
25	Selling expenses	(764,076,040,739)	(1,003,521,966,058)
26	General and administration expenses	(374,847,317,582)	(435,654,189,800)
30	Net operating (loss)/profit	(2,017,567,024,489)	3,847,640,456,131
31	Other income	1,779,506,069,100	721,382,385,427
32	Other expenses	(6,431,815,059)	(371,826,584)
40	Net other income	1,773,074,254,041	721,010,558,843
50	Net accounting (loss)/profit before tax	(244,492,770,448)	4,568,651,014,974
51	Business income tax ("BIT") - current	(13,462,059,245)	(741,648,874,040)
52	BIT - deferred	326,620,164,827	(19,657,013,840)
60	Net profit after tax	68,665,335,134	3,807,345,127,094
	Attributable to:		
61	Shareholders of the Company	68,591,150,827	3,806,761,193,483
62	Non-controlling interests	74,184,307	583,933,611
70	Basic earnings per share	25(a)	7,107
71	Diluted earnings per share	25(b)	7,107

Hoang Manh Ha
Chief Accountant

Ho Ngoc Yen Phuong
Vice President
cum Chief Finance Officer

Dinh Viet Phuong
Permanent Vice President
cum Managing Director
30 April 2021

The notes on pages 12 to 68 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
(Indirect method)

Code	Note	Year ended 31 December	
		2020 VND	2019 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Net accounting (loss)/profit before tax	(244,492,770,448)	4,568,651,014,974
	Adjustments for:		
02	Depreciation and amortisation	141,435,349,577	175,155,660,359
03	(Reversal of provisions)/provisions	(119,581,017,648)	1,289,143,641,551
04	Unrealised foreign exchange losses/(gains)	30,763,613,923	(43,926,035,073)
05	Profits from investing activities	(741,818,692,497)	(1,164,057,170,670)
06	Interest expense	452,572,729,500	351,417,652,590
08	Operating (loss)/profit before changes in working capital	(481,120,787,593)	5,176,384,763,731
09	Increase in receivables	(1,032,209,073,740)	(7,459,149,825,284)
10	Decrease/(increase) in inventories	35,805,417,710	(279,169,374,252)
11	(Decrease)/increase in payables	(824,443,624,713)	2,298,995,278,929
12	Increase in prepaid expenses	(218,645,374,852)	(970,059,270,460)
14	Interest paid	(432,836,309,700)	(322,342,594,337)
15	BIT paid	(254,507,686,710)	(471,622,340,241)
20	Net cash outflows from operating activities	(3,207,957,439,598)	(2,026,963,361,914)
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	(293,759,925,297)	(2,594,037,639,233)
22	Proceeds from disposals of fixed assets and long-term assets	397,277,400,299	-
23	Loans and term deposits granted	-	(715,756,800,000)
24	Collection of loans, proceeds from sales of debt instruments of other entities	709,756,800,000	1,400,000,000
27	Dividends and interest received	329,815,665,506	207,816,031,475
30	Net cash inflows/(outflows) from investing activities	1,143,089,940,508	(3,100,578,407,758)

The notes on pages 12 to 68 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT (continued)
(Indirect method)

Code	Note	Year ended 31 December	
		2020 VND	2019 VND
CASH FLOWS FROM FINANCING ACTIVITIES			
32	Payments for share repurchases	-	(2,347,121,362,620)
33	Proceeds from borrowings	17,804,330,775,879	37,607,640,045,521
34	Repayments of borrowings	(18,173,617,597,912)	(31,317,610,606,550)
36	Dividends paid	-	(543,112,133,500)
40	Net cash (outflows)/inflows from financing activities	(369,286,822,033)	3,399,795,942,851
50	Net decrease in cash and cash equivalents	(2,434,154,321,123)	(1,727,745,826,821)
60	Cash and cash equivalents at beginning of year	5,364,049,804,580	7,164,923,007,451
61	Effect of foreign exchange differences	(3,469,856,094)	(73,127,376,050)
70	Cash and cash equivalents at end of year	2,926,425,627,363	5,364,049,804,580

Additional information relating to the consolidated cash flow statement is presented in Note 37.


 Hoang Manh Ha
 Chief Accountant


 Ho Ngoc Yen Phuong
 Vice President
 cum Chief Finance Officer



 Dinh Viet Phuong
 Permanent Vice President
 cum Managing Director
 30 April 2021

The notes on pages 12 to 68 are an integral part of these consolidated financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1 GENERAL INFORMATION

VietJet Aviation Joint Stock Company (“the Company”) is a joint stock company established in SR Vietnam pursuant to Enterprise registration certificate No. 0102325399 dated 23 July 2007 which was issued by the Department of Planning and Investment of Hanoi City and the 28th amended Enterprise registration certificate dated 8 October 2020.

The principal activities of the Company and its subsidiaries (together referred to as “the Group”) are to provide passenger and cargo transportation services on domestic and international air routes, airline-related support services and to trade aircraft and components.

The normal business cycle of the Group is 12 months.

As at 31 December 2020, the Group had 7 subsidiaries and 2 associates. Details are as follows:

	Principal activities	Enterprise registration certificate	Place of incorporation and operation	Ownership and voting right (%)	
				2020	2019
Subsidiaries					
VietJetAir Cargo Joint Stock Company	To provide cargo transportation and related support services	No. 0312759089 dated 27 August 2014	Vietnam	90	90
Vietjet Air IVB No. I Limited	To trade and lease aircraft and aircraft components	No. 1825671 dated 27 May 2014	British Virgin Islands	100	100
Vietjet Air IVB No. II Limited	To trade and lease aircraft	No. 1825613 dated 27 May 2014	British Virgin Islands	100	100
Vietjet Air Singapore Pte. Ltd.	To trade aircraft	No. 201408849N dated 27 March 2014	Singapore	100	100
Vietjet Air Ireland No. 1 Limited	To trade and lease aircraft	No. 544879 dated 3 June 2014	Ireland	100	100
Skymate Limited	To trade and lease aircraft	No. 327015 dated 15 September 2017	Cayman Islands	100	100
Galaxy Pay Company Limited	To provide payment services (online payment, e-wallet)	No. 0316368255 dated 7 July 2020	Vietnam	100	-
Associates					
Thai Vietjet Air Joint Stock Co., Ltd. (*)	To provide passenger and cargo transportation and related support services	No. 0105556100551 dated 25 June 2013	Thailand	9	9
Cam Ranh International Terminal Joint Stock Company (*)	To provide support services for airline transportation	No. 4201676638 dated 5 February 2016	Vietnam	10	10

1 GENERAL INFORMATION (continued)

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

As at 31 December 2020, the Group had 5,504 employees (as at 31 December 2019: 5,092 employees).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements. The consolidated financial statements have been prepared under the historical cost convention, except for investments in associates and business combinations as presented in Note 2.6.

The accompanying consolidated financial statements are not intended to present the consolidated financial position and consolidated results of operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam. The accounting principles and practices utilised in Vietnam may differ from those generally accepted in countries and jurisdictions other than Vietnam.

The consolidated financial statements in the Vietnamese language are the official statutory consolidated financial statements of the Group. The consolidated financial statements in the English language have been translated from the Vietnamese version.

2.2 Assessment of going concern assumption

The wide spread of COVID-19 since the beginning of 2020 is a fluid and challenging situation facing all industries, including the aviation industry. In particular, the outbreaks of COVID-19 in Vietnam during the year 2020 and early 2021, caused difficulties and challenges to all corporations, including the Group.

Travel and border restrictions implemented in Vietnam and other countries around the world have led to a significant fall in demand for air travel which affected the Group's financial performance and cash flows. As a consequence, the Group reported a gross loss from the main aviation business of VND1,412 billion for the year ended 31 December 2020. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.2 Assessment of going concern assumption (continued)**

To cope with the effects of the COVID-19 pandemic, the Group has implemented several measures to weather this challenging time. These efforts are ongoing as the Group continues to seek support from their vendors and business partners to address its cash flow requirements. The following measures have been taken, with further additional efforts to be taken:

(i) Recovery from COVID-19 Pandemic

As of May 2020, the Government of Vietnam allowed domestic travel and the Group resumed operations accordingly. The Group has seen positive developments in its business operations as passenger seat booking trends, flight frequencies and load factors are gradually improving. As of July 2020 and January 2021, the resurgence of COVID-19 in some Central and Northern provinces of Vietnam, respectively, affected the airlines in general and particularly the Group's ability to generate cash flows from operations. Nevertheless, with optimistic signals regarding the approval and adoption process of COVID-19 vaccination in Vietnam and other countries around the world, the aviation industry is gradually showing signs of recovery and is expected to return to normal by the end of 2021.

In addition to the support of the Government of Vietnam such as Decree No. 41/2020/ND-CP dated 8 April 2020 extending the deadlines for payments of taxes, the Standing Committee of the National Assembly promulgated Resolution No. 979/2020/UBTVQH14 on the reduction of environmental protection tax from VND3,000/litter to VND2,100/litter which is applicable from 1 August 2020 to 31 December 2020, Resolution No. 84/NQ-CP on the reduction of landing and take-off expenses by 50% for the period from March to September 2020, the Group has been actively implementing a number of measures in operations and business activities to cope with and minimise external impacts, including but not limited to the followings:

- developing SkyBoss products and services, ancillary services and Power Pass cards;
- expanding and developing cargo transportation services;
- executing the aircraft financing and trading solutions;
- controlling and optimising the operation costs; and
- opening new domestic routes.

(ii) Funding

A number of the Group's existing lenders have provided financial support by extending the maturity dates. To shore up liquidity, the Group is in the process of negotiating with other lenders to reduce the interest rates and extending the maturity dates in accordance with the guidance from Circular No. 01/2020/TT-NHNN dated 13 March 2020, issued by the State Bank of Vietnam. The Group is also renewing credit facilities with lenders and negotiating with investors to issue bonds in 2021.

In addition, pursuant to Board of Directors' Resolution No. 10-21/VJC-HĐQT-NQ dated 5 March 2021, the Group completed the sale of 17,772,740 treasury shares in April 2021 in order to strengthen its cash position and liquidity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Assessment of going concern assumption (continued)

(iii) Working capital management

The Group has been successful in negotiating with banks and some of certain lessors on the financial resources to restructure aircraft operating lease and lease terms. Also, the Group is currently in the process of negotiating further waivers or deferral of lease payments for a longer period with lessors until the aviation industry recovers.

Furthermore, the Group has performed a comprehensive review of the operation's efficiency and implemented cost-saving measures, including but not limited to, negotiating with suppliers for a reduction of the charges for airport handling, technical activities and other services.

Considering the aforementioned factors, the Board of Directors and the Board of Management are of the opinion that the Group will be able to generate sufficient working capital to finance its operations and to meet its obligations as and when they fall due in the following 12 months from the date of the consolidated financial statements. Accordingly, the consolidated financial statements for the year ended 31 December 2020 have been prepared on a going concern basis.

2.3 Fiscal year

The Group's fiscal year is from 1 January to 31 December.

2.4 Currency

The consolidated financial statements are measured and presented in the Vietnamese Dong ("VND"). The Group determines their accounting currencies based on the currencies which are mainly used in sales of goods and rendering of services, which have a significant impact on selling prices of goods and services, which are normally used for listing selling prices and receiving payments; which are mainly used in purchases of goods or services, which have a significant impact on costs of labour, materials and other production or operating costs and normally used as payments for those costs.

In addition, the Group also uses this currency to raise financial resources (such as via issuance of shares or bonds) and regularly collect these currencies from business operations and savings.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.4 Currency (continued)**

For consolidation purposes, if the currencies used on financial statements of subsidiaries are different from that of the Company, the Company is required to translate those financial statements into the currency used in the Company's financial statements under the following principles:

- Assets and liabilities of overseas subsidiaries are translated at actual exchange rate at year-end;
- Undistributed earnings or losses incurred after acquisition date are translated based on the translation of income and expenses in the consolidated income statement;
- Profits already paid are translated at the actual exchange rate at the date of payment;
- Items of the consolidated income statement and the consolidated cash flow statement are translated at the average exchange rate of the accounting period if it approximates the actual rate at the time of the transaction (with the difference not exceeding 2%); and
- The accumulative amount of Exchange differences is presented in a separate component of equity. Accumulated exchange differences arising from translation and attributable to the Company are presented in "Foreign exchange differences". Those arising from translation and attributable to non-controlling interests are allocated to "Non-controlling interests". Accumulated exchange differences arising from translation of unamortised goodwill are attributable to the Company.

2.5 Exchange rates

Transactions arising in foreign currencies are translated at an exchange rate which is the rate approximating the average transfer exchange rate of the buying and selling rates of the commercial banks where the Group regularly trades. The Group ensures that the disparity of the approximate exchange rate does not exceed +/- 1% compared with the average transfer exchange rate and does not materially influence the financial position and the results of operation during the fiscal year. The average transfer exchange rate is determined monthly based on the average between the daily buying transfer rate and selling transfer rate of the commercial banks. Foreign exchange differences arising from these translations are recognised in the consolidated income statement.

Monetary assets and liabilities denominated in foreign currencies at the consolidated balance sheet date are translated at the transfer rate at the consolidated balance sheet date of the commercial banks where the Group regularly trades. The transfer rate is average transfer rate of the commercial banks. Foreign exchange differences arising from these translations are recognised in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.6 Basis of consolidation****Subsidiaries**

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies in order to gain future benefits from their activities generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

The Group has no multi-phase acquisition.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The financial statements of the Group's subsidiaries are prepared for the same accounting period. If there are differences in end dates, the gap must not exceed 3 months. Adjustments are made to reflect impacts of significant transactions and events occurring between the end dates of the subsidiaries' accounting period and that of the Group's. The length of the reporting period and differences in reporting date must be consistent between periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.6 Basis of consolidation (continued)****Non-controlling transactions and interests**

The Group applies a policy for transactions with non-controlling interests (“NCI”) as transactions with external parties to the Group.

NCI are measured at their proportionate share of the acquiree’s identifiable net assets at date of acquisition.

The divestment of the Group’s interest in a subsidiary that does not result in a loss of control is accounted for as a transaction with owners. The difference between the change in the Group’s share of net assets of the subsidiary and any consideration paid or received from divestment of Group’s interest in the subsidiary is recorded directly in the undistributed earnings under equity.

In a divestment of the Group’s interest in a subsidiary that results in a loss of control, the difference between the Group’s share in the net assets of the subsidiary and the net proceeds from divestment is recognised in the consolidated income statement. The retained interest in the entity will be accounted for as either an investment in another entity or investment to be equity accounted for since the divestment date.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group’s investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group’s share of its associates’ post-acquisition profits or losses is recognised in the consolidated income statements. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture or associate.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at banks, cash in transit, demand deposits and other short-term investments with an original maturity of three months or less.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.8 Receivables**

Receivables represent trade receivables from customers arising from sales of goods and rendering of services or non-trade receivables from others and are stated at cost. Provision for doubtful debts is made for each outstanding amount based on overdue days in payment according to the initial payment commitment (exclusive of the payment rescheduling between parties), or based on the estimated loss that may arise. Bad debts are written off when identified.

Receivables are classified into long-term and short-term receivables on the consolidated balance sheet based on the remaining period from the consolidated balance sheet date to the maturity date.

2.9 Maintenance reserves of leased aircraft

Under the terms of its aircraft operating lease agreements, the Group is legally and contractually responsible for maintenance and repair of the leased aircraft throughout the lease period and is also required to make maintenance reserves with the lessors. The maintenance reserves are recorded as other 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.

Maintenance reserves of leased aircraft are classified into long-term and short-term receivables based on the remaining terms from the consolidated balance sheet date to the estimated time that the Group could reimburse the maintenance expenses from lessors.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method for merchandise, and specific identification method for tools and supplies, includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the normal course of business, less the estimated selling expenses.

The Group applies the perpetual system for inventories.

Provision is made, when necessary, for obsolete, slow-moving and defective inventory items. The difference between the provision of this period and the provision of the previous period are recognised as an increase or decrease of cost of goods sold in the period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.11 Investments****(a) Trading securities**

Trading securities are securities which are held for trading to earn profits.

Trading securities are initially recorded at historical cost including cost of acquisition and any expenditure that is directly attributable to the acquisition. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the period end. The provision for diminution in value of trading securities is made when their cost is higher than their fair value. Changes in the provision balance during the accounting period are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

The Group recognises trading securities when it has ownership of the assets, specifically as follows:

- Listed securities are recognised at the time of order matching; and
- Unlisted securities are recognised at the time when official ownership is established in accordance with regulations.

Profit or loss from liquidation or disposal of trading securities is recognised in the consolidated income statement. The costs of trading securities disposed of are determined by using the first-in first-out method.

(b) Investments held-to-maturity

Investments held-to-maturity are investments which the Group has a positive intention and ability to hold until maturity.

Investments held-to-maturity include term deposits, bonds and investment in business cooperation contract. Those investments are initially accounted for at cost. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the period end.

Provision for diminution in value of investments held-to-maturity is made when there is evidence that the investment is uncollectible in whole or in part. Changes in the provision balance during the accounting period are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

Investments held to maturity are classified into short-term and long-term investments held to maturity on the consolidated balance sheet based on remaining period from the consolidated balance sheet date to the maturity date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.11 Investments (continued)****(c) Investments in other entities**

Investments in other entities are investments in equity instruments of other entities without controlling rights or co-controlling rights, or without significant influence over the investee. These investments are accounted for initially at cost. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the period end.

Provision for investments in other entities is made when there is a diminution in value of the investments at the period end. Regarding investments in listed shares or the investments whose fair value can be determined reliably, the provision for diminution in value is made when the cost is higher than the market value. For other investments, provision for diminution in value is made when the entities make losses, except when the loss was anticipated by the Board of Management before date of investment.

Changes in the provision balance during the accounting period are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

2.12 Lendings

Lendings are lendings granted for interest earning under agreements among parties but not being traded as securities.

Lendings are initially recognised at cost. Subsequently, the Board of Management reviews all outstanding amounts to determine the amount of provision to recognise at the period end. Provision for doubtful lending is made for each lending based on overdue days in payment of principals according to the initial payment commitment (exclusive of the payment rescheduling between parties) or based on the estimated loss that may arise. Changes in the provision balance during the accounting period are recorded as an increase or decrease in financial expenses. A reversal, if any, is made only to the extent the investment is restored to its original cost.

Lending are classified into short-term and long-term lending on the consolidated balance sheet based on the remaining term of the lending as at the consolidated balance sheet date to the maturity date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.13 Fixed assets***Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation or amortisation. Historical cost includes any expenditure that is directly attributable to the acquisition of the fixed assets bringing them to suitable conditions for their intended use. Expenditure incurred subsequently which has resulted in an increase in the future economic benefits expected to be obtained from the use of fixed assets, can be capitalised as an additional historical cost. Otherwise, such expenditure is charged to the consolidated income statement when incurred.

Depreciation and amortisation

Fixed assets are depreciated and amortised using the straight-line method so as to write off the historical cost of the fixed assets over their estimated useful lives. The estimated useful lives of each asset class are as follows:

Aircraft and components	10 - 20 years
Machinery and equipment	3 - 10 years
Office equipment	3 - 5 years
Motor vehicles	6 years
Software	3 years

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount of the fixed assets and are recognised as income or expense in the consolidated income statement.

Construction in progress

Construction in progress represents the cost of assets in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, which are recorded at cost and comprise of such necessary costs to newly construct, to repair and maintain, to upgrade, to renew or equip the projects with technologies as construction costs; costs of tools and equipment; construction consulting expenditure; and expenses for the purchase of unfinished and undelivered aircraft. Depreciation of these assets, on the same basis as other fixed assets, commences when they are ready for their intended use.

2.14 Leased assets

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated income statement on a straight-line basis over the terms of the lease or using another calculation method if it is more appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.15 Prepaid expenses**

Prepaid expenses include short-term and long-term prepayments on the consolidated balance sheet. Prepaid expenses are recorded at historical cost and allocated on a straight-line basis over their estimated useful lives.

(a) Short-term prepaid expenses

Short-term prepayments mainly comprise aircraft leases and short-term prepaid expenses for aircraft repairs.

(b) Long-term prepaid expenses**(i) Major inspection and overhaul expenditure**

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

(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.

2.16 Payables

Classifications of payables are based on their nature as follows:

- Trade accounts payable are trade payables arising from purchase of goods and services; and
- Other payables are non-trade payables, and payables not relating to purchases of goods and services.

Payables are classified into long-term and short-term payables on the consolidated balance sheet based on the remaining period from the consolidated balance sheet date to the maturity date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.17 Borrowings**

Borrowings include borrowings from banks, financial institutions, financial companies and other entities.

Borrowings are classified into long-term and short-term borrowings on the consolidated balance sheet based on the remaining period from the consolidated balance sheet date to the maturity date.

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. In respect of general-purpose borrowings, a portion of which used for the purpose of construction or production of any qualifying assets, the Group determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the weighted average expenditure on the assets. The capitalisation rate is the weighted average of the interest rates applicable to the Group's borrowings that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Other borrowing costs are recognised in the consolidated income statement when incurred.

2.18 Bonds issued - Straight bonds

At initial recognition, straight bonds are measured at cost which comprises proceeds from issuance net of issuance costs. Any discount, premium or issuance costs are amortised on a straight-line basis over the term of the bonds.

2.19 Accrued expenses

Accrued expenses include liabilities for goods and services received in the period but not yet paid for due to pending invoices or insufficient records and documents. Accrued expenses are recorded as expenses in the reporting period.

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provision is not recognised for future operating losses.

(a) 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 aircraft based on its own Maintenance Planning Development which was developed based on the guidance of airline manufacturers. Routine maintenance will be performed at the Group's costs while the periodic maintenance will be covered by maintenance reserves.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.20 Provisions (continued)****(a) Provisions for maintenance costs in the scope of maintenance reserves (continued)**

The provisions for maintenance expenses in the scope of the maintenance reserves include four (4) main parts:

- Costs of maintenance of the Engine Performance Restoration ("CPR");
- Costs of maintenance of the Auxiliary Power Unit ("APU");
- Costs of maintenance and replacement of the Landing Gear ("LDG"); and
- Costs of maintenance and replacement of the Life-Limited Part ("LLP").

The provisions for LLP and LDG are determined by the expected future cost of maintenance and replacement for the leased aircraft, having regard to the current fleet plan. At the beginning of lease term and during the period of leasing, the estimated costs are recorded in provisions with a corresponding asset is recognised in long-term prepaid expenses balance. The estimated costs in long-term prepaid expenses are amortised to expenses in the consolidated income statement using the basis of actual flight hours or cycles to the next maintenance event. If there is a significant change in the estimated costs, the provision for maintenance cost and the long-term prepaid expenses will be reassessed accordingly.

The provisions for CPR and APU are accrued and charged to the consolidated income statement over the estimated period between maintenance events using the ratios of actual flying hours or cycles and estimated flying hours or cycles between maintenance events.

In accordance with the Group's policy, with respect to Japanese Operating Leases with Call Option Contracts – JOLCO, the cost incurred in the first periodic maintenance for leased aircraft is recognised in long-term prepaid expenses balance and amortised to expenses using the basis of actual flight hours or cycles to the next maintenance event.

(b) 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), cost for fuselage painting, and return of the aircraft to a specified location. At the inception of the lease, the estimated cost is recorded in provisions with a corresponding asset is recognised in debit to long-term prepaid expenses. The estimated costs in long-term prepaid expenses are amortised to expenses in the separate income statement on a straight-line basis over the lease term. The increase in the provision due to passage of time is recognised as a financial expense in the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Unearned revenue

Unearned revenue mainly comprises revenue from passenger transportation and ancillary activities. The Group records unearned revenue for the future obligations that the Group has to fulfill. Unearned revenue is recognised as revenue in the consolidated income statement to the extent that recognition criteria have been met.

2.22 Capital and reserves

Owners' capital is recorded according to the actual amounts contributed at the par value of the shares.

Share premium is the difference between the par value and the issue price of shares and the difference between the repurchase price and re-issuing price of treasury shares.

Treasury shares are shares issued by the Company and bought back by itself, but these are not cancelled and may be re-issued subsequently in accordance with the Law on Securities.

Undistributed earnings record the Group's results after BIT at the reporting date.

2.23 Appropriation of profit

The Group's dividends are recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Resolution of the Board of Directors.

Profit after BIT could be distributed to shareholders after approval at the General Meeting of shareholders, and after appropriation to other funds in accordance with the Company's charter and Vietnamese regulations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.24 Revenue recognition****(a) Revenue from passenger transportation**

Revenue from passenger transportation is recognised in the consolidated income statement when the transportation is provided or when the ticket expires. The value of unused passenger tickets and miscellaneous charges is recorded in short-term 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.

(b) Ancillary revenue

Ancillary revenue includes cargo transportation, baggage service, other revenue related to passenger transportation, sales 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 income statement when the services are provided.

Revenue from baggage service is recognised in the consolidated income statement 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 income statement when charged to passengers.

Sales of in-flight and duty-free merchandise are recognised in the consolidated income statement when all five (5) following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

No ancillary revenue is recognised if there are significant uncertainties regarding recovery of the consideration due. Revenue from passenger transportation is recognised at the net amount after deducting sales discounts stated on the invoice.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.24 Revenue recognition (continued)****(c) Revenue from charter flights**

Revenue from charter flights is recognised in the consolidated income statement when the services are provided. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

(d) Revenue from aircraft leasing

Revenue from aircraft leasing under operating lease arrangements is recognised in the consolidated income statement on a straight-line basis over the term of the lease or using another calculation method if it is more appropriate.

(e) Revenue from sales of aircraft

Revenue from sales of aircraft is recognised in the consolidated income statement 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 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 is 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.

(f) Revenue from rendering of other services

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Revenue recognition (continued)

(g) Interest income

Interest income is recognised on an earned basis.

(h) Dividend income

Income from dividends is recognised when the Group has established the receiving right from investees.

2.25 Cost of goods sold and services rendered

Cost of goods sold and services rendered are the cost of merchandise sold or services rendered during the period, and recorded on the basis of matching with revenue and on a prudence basis.

2.26 Financial expenses

Financial expenses are expenses incurred in the period for financial activities including provision for diminution in the value of trading securities; expenses of lending and borrowing; losses incurred on selling foreign currencies and losses from foreign exchange differences.

2.27 Selling expenses

Selling expenses represent expenses that are incurred in the process of selling goods and providing services.

2.28 General and administration expenses

General and administration expenses represent expenses that are incurred for administrative purposes.

2.29 Current and deferred income tax

Income tax include all income tax which are based on taxable profits including profits generated from production and trading activities in other countries with which the Socialist Republic of Vietnam has not signed any double taxation agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income tax payable or recoverable in respect of the current year taxable profits at the current year tax rates. Current and deferred income tax should be recognised as an income or an expense and included in the profit or loss of the period, except to the extent that the income tax arises from a transaction or event which is recognised, in the same or a different period, directly in equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.29 Current and deferred income tax (continued)**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the consolidated balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.30 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Group, including holding companies, subsidiaries and associates are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group, key management personnel, including the Board of Directors, the Board of Management of the Company, close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering its relationships with each related party, the Group considers the substance of the relationship not merely the legal form.

2.31 Segment reporting

A segment is a component which can be separated by the Group engaged in sales of goods or rendering of services ("business segment"), or sales of goods or rendering of services within a particular economic environment ("geographical segment"). Each segment is subject to risks and returns that are different from those of other segments. A reportable segment is the Group's business segment and the Group's geographical segment.

Segment reporting is prepared and presented in accordance with accounting policies applied to the preparation and presentation of the Group's consolidated financial statements in order to help users of consolidated financial statements understand and evaluate the Group's operations in a comprehensive way.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.32 Accounting estimates**

The preparation of consolidated financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year.

The areas involving significant estimates and assumptions are as follows:

- Estimated useful lives of fixed assets (Note 2.13); and
- Provisions for maintenance costs and cost to make good on leased assets (Note 2.20 and Note 20).

Such estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable by the Board of Management under the circumstances.

3 CASH AND CASH EQUIVALENTS

	2020	2019
	VND	VND
Cash on hand	14,145,044,804	13,463,976,090
Cash at banks	1,226,811,931,282	3,810,407,191,110
Cash equivalents (*)	1,685,468,651,277	1,540,178,637,380
	<u>2,926,425,627,363</u>	<u>5,364,049,804,580</u>

(*) Cash equivalents mainly include term deposits in VND at banks with original maturities of 3 months or less and earn interest at rates ranging from 3% to 4% per annum (2019: from 4.7% to 5.5% per annum).

As at 31 December 2020, the Group had current and term deposit accounts with total balance of VND1,947 billion (as at 31 December 2019: VND3,275 billion) at Ho Chi Minh City Development Joint Stock Commercial Bank, a related party, with normal trading terms.

4 INVESTMENTS**(a) Trading securities**

	2020			
	Quantity	Cost VND	Fair value (*) VND	Provision VND
Petro Vietnam Oil Corporation	50,000,000	990,000,000,000	600,000,000,000	390,000,000,000
	<u>50,000,000</u>	<u>990,000,000,000</u>	<u>600,000,000,000</u>	<u>390,000,000,000</u>
	2019			
	Quantity	Cost VND	Fair value (*) VND	Provision VND
Petro Vietnam Oil Corporation	50,000,000	990,000,000,000	435,000,000,000	555,000,000,000
	<u>50,000,000</u>	<u>990,000,000,000</u>	<u>435,000,000,000</u>	<u>555,000,000,000</u>

(*) The fair value of the investment in unlisted shares traded on Unlisted Public Company Market (“Upcom”) as at 31 December 2020 and 31 December 2019 is determined by referencing to the Upcom closing prices on the same dates.

During the year ended 31 December 2020, the Group sold the purchase right option of these 50 million shares to a related party with the amount of VND500 billion (Note 29), in which VND300 billion has been received.

(b) Investments held-to-maturity

	2020		2019	
	Cost VND	Book value VND	Cost VND	Book value VND
Short-term				
- Term deposit	4,000,000,000	4,000,000,000	-	-
- Corporate bonds	-	-	709,756,800,000	709,756,800,000
	<u>4,000,000,000</u>	<u>4,000,000,000</u>	<u>709,756,800,000</u>	<u>709,756,800,000</u>

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4 INVESTMENTS (continued)

(c) Investments in associates

	2020			2019		
	Ownership %	Cost VND	Net value owned by the Group VND	Ownership %	Cost VND	Net value owned by the Group VND
Thai Vietjet Air Joint Stock Co., Ltd. (i)	9	-	-	9	-	-
Cam Ranh International Terminal Joint Stock Company (ii)	10	60,000,000,000	42,270,859,708	10	60,000,000,000	60,000,000,000
		60,000,000,000	42,270,859,708		60,000,000,000	60,000,000,000

(d) Investments in other entities

	2020			2019			
	Ownership %	Cost VND	Fair value VND	Ownership %	Cost VND	Fair value VND	Provision VND
Sai Gon Ground Services Joint Stock Company (iii)	9.1	149,417,024,400	215,787,951,000	9.1	149,417,024,400	272,413,158,000	-
Angelica Holding Limited (iv)	10	-	-	10	-	-	-
		149,417,024,400	215,787,951,000		149,417,024,400	272,413,158,000	-



4 INVESTMENTS (continued)**(d) Investments in other entities (continued)**

- (i) On 25 September 2018, the Group signed an agreement with Quince Investment Limited and Asia Aero Services and Infrastructure Limited for a purchase option to increase its ownership in Thai Vietjet Air Joint Stock Company to 38% with an amount of THB79 billion by 31 December 2021. The price of transferred share is equal to par value. However, as at the date of these consolidated financial statements, the involved parties were negotiating to increase the Group's ownership to 38% in 2022 or when the aviation market recovers after COVID-19.
- (ii) According to the Resolution dated 25 June 2020 of the Annual General Meeting of Shareholders of Cam Ranh International Terminal Joint Stock Company, the Group is entitled to share dividends with the value of VND15 billion, equivalent to 1.5 million shares with par value of VND10,000 per share. As at 31 December 2020, the Group has 7.5 million shares in Cam Ranh International Terminal Joint Stock Company, equivalent to 10% of the company's charter capital.
- (iii) The fair value of other investments in listed shares is determined by reference to the closing prices on the Ho Chi Minh City Stock Exchange.
- (iv) As at 31 December 2020, the Group has not yet contributed capital in this company, which is incorporated in Cayman Islands. The principal activities of this company are to provide consultancy services and lease aircraft.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2020	2019
	VND	VND
Third parties		
Zhejiang Lixi International Travel Co., Ltd.	1,779,951,531,840	1,309,827,000,000
Hangzhou BaoLi Co., Ltd.	1,594,045,975,206	1,545,177,939,150
Others	223,644,360,484	804,347,481,577
	<u>3,597,641,867,530</u>	<u>3,659,352,420,727</u>
Related parties (Note 38(b))	<u>4,997,479,337,899</u>	<u>3,955,638,560,807</u>
	<u><u>8,595,121,205,429</u></u>	<u><u>7,614,990,981,534</u></u>

As at 31 December 2020 and 31 December 2019, there was no balance of short-term trade accounts receivable that was doubtful.

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6 SHORT-TERM PREPAYMENTS TO SUPPLIERS

	2020 VND	2019 VND
Third parties		
Avolon Aerospace Leasing Limited	35,561,613,801	-
Rockwell Collins	24,841,903,084	25,157,252,520
Others	102,659,934,628	148,291,046,808
	<u>163,063,451,513</u>	<u>173,448,299,328</u>
Related parties (Note 38(b))	-	13,823,146,505
	<u>163,063,451,513</u>	<u>187,271,445,833</u>

7 OTHER RECEIVABLES

(a) Short-term

	2020		2019	
	Book value VND	Provision VND	Book value VND	Provision VND
Third parties				
Deposits for aircraft purchases within next 12 months (i)	4,189,158,334,254	-	3,105,297,136,367	-
Maintenance reserves of leased aircraft	1,824,881,774,817	-	2,078,881,774,817	-
Other receivable from aircraft supplier (Note 33)	557,160,000,000	-	-	-
Purchase discounts from suppliers	689,174,934,689	-	482,424,813,352	-
Claim receivables from maintenance reserves of leased aircraft	232,782,861,484	-	282,879,455,806	-
Payment on behalf (ii)	130,300,848,969	-	-	-
Interest income	2,587,221,918	-	34,043,550,823	-
Others	494,365,104,699	-	374,552,844,126	-
	<u>8,120,411,080,830</u>	<u>-</u>	<u>6,358,079,575,291</u>	<u>-</u>
Related parties (Note 38(b))	4,017,818,077,171	-	1,970,807,863,472	-
	<u>12,138,229,158,001</u>	<u>-</u>	<u>8,328,887,438,763</u>	<u>-</u>

(i) This balance represents a deposit to Airbus S.A.S for the aircraft expected to be delivered within 12 months.

(ii) This balance represents the import tax paid on behalf of a supplier for imported petroleum.

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7 OTHER RECEIVABLES (continued)

(b) Long-term

	2020		2019	
	Book value VND	Provision VND	Book value VND	Provision VND
Third parties				
Maintenance reserves of leased aircraft	6,805,551,842,000	-	6,219,507,324,321	-
Deposit for aircraft purchases after next 12 months (iii)	3,515,188,352,836	-	5,187,416,574,363	-
Deposit for aircraft leases	1,242,593,141,017	-	1,222,663,033,075	-
Deposit for ground handling services	129,268,494,725	-	125,182,456,527	-
Others	51,802,657,533	-	38,935,819,537	-
	<u>11,744,404,488,111</u>	<u>-</u>	<u>12,793,705,207,823</u>	<u>-</u>
Related parties (Note 38(b))	<u>725,964,187,706</u>	<u>-</u>	<u>1,599,702,308,477</u>	<u>-</u>
	<u><u>12,470,368,675,817</u></u>	<u><u>-</u></u>	<u><u>14,393,407,516,300</u></u>	<u><u>-</u></u>

(iii) The amounts represent deposits for aircraft purchases from 2022 to 2026 to Airbus S.A.S and Boeing Company.

8 INVENTORIES

	2020		2019	
	Cost VND	Provision VND	Cost VND	Provision VND
Tools and supplies	681,234,137,484	-	747,511,353,298	-
Merchandise	30,859,124,643	-	387,326,539	-
	<u>712,093,262,127</u>	<u>-</u>	<u>747,898,679,837</u>	<u>-</u>

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9 PREPAID EXPENSES

(a) Short-term

	2020 VND	2019 VND
Prepayments for aircraft leases	195,438,728,811	355,790,339,276
Prepayments for maintenance	15,481,112,314	23,297,293,810
Others	1,886,225,593	3,250,033,702
	<u>212,806,066,718</u>	<u>382,337,666,788</u>

(b) Long-term

	2020 VND	2019 VND
Maintenance	4,265,543,851,868	5,782,829,060,991
Costs to make good on leased assets	477,459,578,390	590,235,202,338
Rotating parts, tools and instruments	123,694,949,802	114,854,388,316
Major inspection and overhaul expenditure	83,980,251,729	103,156,115,556
Others	40,872,675,433	605,922,669
	<u>4,991,551,307,222</u>	<u>6,591,680,689,870</u>

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9 PREPAID EXPENSES (continued)

(b) Long-term (continued)

Movements in long-term prepaid expenses during the year are as follows:

	Maintenance expenses VND	Costs to make good on leased assets VND	Major inspection and overhaul expenditure VND	Rotating parts, tools and instruments VND	Others VND	Total VND
Beginning of year	5,782,829,060,991	590,235,202,338	103,156,115,556	114,854,388,316	605,922,669	6,591,680,689,870
Increase	808,937,001,247	56,655,038,270	73,016,118,530	129,947,004,251	45,840,850,741	1,114,396,013,039
Allocation	(424,331,739,105)	(83,014,775,913)	(92,191,982,357)	(121,106,442,765)	(5,574,097,977)	(726,219,038,117)
Decrease	(1,901,890,471,265)	(86,415,886,305)	-	-	-	(1,988,306,357,570)
End of year	4,265,543,851,868	477,459,578,390	83,980,251,729	123,694,949,802	40,872,675,433	4,991,551,307,222

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10	FIXED ASSETS	Aircraft and components VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
(a)	Tangible fixed assets					
	Historical cost					
	As at 1 January 2020	1,617,393,753,474	24,440,975,624	19,839,021,566	26,870,997,392	1,688,544,748,056
	New purchases	-	-	-	1,042,150,000	1,042,150,000
	Transfers from construction in progress (Note 11)	622,939,531,790	78,154,865,640	47,454,960,196	29,513,546,502	778,062,904,128
	Reclassification	91,097,667	(91,097,667)	-	-	-
	Disposals	(1,343,610,388,704)	-	-	(115,517,280)	(1,343,725,905,984)
	As at 31 December 2020	896,813,994,227	102,504,743,597	67,293,981,762	57,311,176,614	1,123,923,896,200
	Accumulated depreciation					
	As at 1 January 2020	333,494,428,740	20,999,519,620	16,021,746,370	15,891,974,168	386,407,668,898
	Charge for the year	123,563,796,627	6,822,011,316	3,732,411,089	6,085,534,618	140,203,753,650
	Disposals	(252,112,476,003)	-	-	-	(252,112,476,003)
	As at 31 December 2020	204,945,749,364	27,821,530,936	19,754,157,459	21,977,508,786	274,498,946,545
	Net book value					
	As at 1 January 2020	1,283,899,324,734	3,441,456,004	3,817,275,196	10,979,023,224	1,302,137,079,158
	As at 31 December 2020	691,868,244,863	74,683,212,661	47,539,824,303	35,333,667,828	849,424,949,655

As at 31 December 2020, tangible fixed assets with a carrying value of VND691,868 million (as at 31 December 2019: VND734,166 million) were pledged to Military Commercial Joint Stock Bank as collateral assets for long-term borrowings granted to the Group (Note 19(b)(i)).

10 FIXED ASSETS (continued)**(a) Tangible fixed assets (continued)**

The historical cost of fully depreciated tangible fixed assets but still in use as at 31 December 2020 was VND47,719 million (as at 31 December 2019: VND25,810 million).

(b) Intangible fixed assets

	Software VND
Historical cost	
As at 1 January 2020	30,818,110,655
New purchases	16,000,000
	<hr/>
As at 31 December 2020	30,834,110,655
	<hr/>
Accumulated amortisation	
As at 1 January 2020	28,531,073,044
Charge for the year	1,231,595,927
	<hr/>
As at 31 December 2020	29,762,668,971
	<hr/>
Net book value	
As at 1 January 2020	2,287,037,611
	<hr/> <hr/>
As at 31 December 2020	1,071,441,684
	<hr/> <hr/>

The historical cost of fully amortised intangible fixed assets as at 31 December 2020 was VND25,856 million (as at 31 December 2019: VND23,574 million).

11 LONG-TERM CONSTRUCTION IN PROGRESS

Details of long-term construction in progress by projects are as follows:

	2020 VND	2019 VND
Costs relating to aircraft and components	241,399,886,118	777,003,540,630
Aviation Technology Research and Training Centre	561,430,982,449	524,205,333,744
Others	1,410,527,366	17,192,569,005
	<hr/>	<hr/>
	804,241,395,933	1,318,401,443,379
	<hr/> <hr/>	<hr/> <hr/>

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11 LONG-TERM CONSTRUCTION IN PROGRESS (continued)

Movements in construction in progress during the year are as follows:

	2020 VND	2019 VND
Beginning of year	1,318,401,443,379	1,233,005,676,006
Purchase	293,743,925,297	957,293,209,486
Transfers to tangible fixed assets (Note 10(a))	(778,062,904,128)	(553,403,497,996)
Other movements	(29,841,068,615)	(118,470,333,327)
Disposals	-	(200,023,610,790)
End of year	<u>804,241,395,933</u>	<u>1,318,401,443,379</u>

12 LONG-TERM LENDING

Borrower	Currency	Annual Interest rate	Year of maturity	2020 VND	2019 VND
AAA Aircraft Asset Company Limited (*)	USD	2.50%	2025	499,159,644,000	499,482,168,000
Cong Hoa Commercial Joint Investment Stock Company (formerly known as Thuy Duong - Duc Binh Commercial Joint Stock Company) (**)	VND	9%	2022	-	701,500,000,000
				<u>499,159,644,000</u>	<u>1,200,982,168,000</u>

(*) The balance represents lending of USD21,501,600 to AAA Aircraft Asset Company Limited, a related party, to provide financial support for aircraft purchases and related purchase costs. The loan is unsecured, which was extended for further 5 years of maturity in 2020, and will mature in 2025.

(**) During the year, the Board of Directors of the Company decided to dispose its rights and obligations in the Republic Plaza project to Cong Hoa Commercial Investment Joint Stock Company to support cash flows for core business activities. Total principal and interest receivables are VND954 billion (Note 38(a)(vi)).

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13 SHORT-TERM TRADE ACCOUNTS PAYABLE

	2020		2019	
	Value VND	Able-to-pay amount VND	Value VND	Able-to-pay amount VND
Third parties				
Petrolimex Aviation Fuel Joint Stock Company	913,978,963,695	913,978,963,695	972,624,163,512	972,624,163,512
Others	2,381,322,567,940	2,381,322,567,940	919,697,343,166	919,697,343,166
	<u>3,295,301,531,635</u>	<u>3,295,301,531,635</u>	<u>1,892,321,506,678</u>	<u>1,892,321,506,678</u>
Related parties (Note 38(b))				
	126,310,391,739	126,310,391,739	2,613,464,691	2,613,464,691
	<u>3,421,611,923,374</u>	<u>3,421,611,923,374</u>	<u>1,894,934,971,369</u>	<u>1,894,934,971,369</u>

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14 SHORT-TERM ADVANCES FROM CUSTOMERS

	2020 VND	2019 VND
Third parties		
Beijing China International Travel Service Co., Ltd.	144,659,744,583	206,552,686,391
DAEJOO Air Co., Ltd.	115,297,951,147	16,071,373,256
Sichuan Comfort International Travel Service Co., Ltd.	59,229,845,700	81,971,727,350
Others	447,450,137,642	363,719,408,945
	<u>766,637,679,072</u>	<u>668,315,195,942</u>
Related parties (Note 38(b))	6,264,688,867	1,648,172,521
	<u>772,902,367,939</u>	<u>669,963,368,463</u>

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15 TAX AND RECEIVABLES FROM/PAYABLES TO THE STATE

Movements in tax and receivables from/payables to the State during the year are as follows:

	As at 1.1.2020 VND	Receivable/payable during the year VND	Payment during the year VND	Net-off during the year VND	Reclassification VND	As at 31.12.2020 VND
a) Tax receivables						
Foreign contractor tax	63,157,879,211	-	-	-	(34,793,897,954)	28,363,981,257
b) Tax payables						
Value Added Tax	30,573,052,465	550,123,259,962	-	(474,141,891,122)	(2,665,999,116)	103,888,422,189
Personal income tax	53,851,956,775	138,879,627,742	(138,815,260,582)	-	-	53,916,323,935
BIT	376,762,704,761	13,462,059,245	(254,507,686,710)	-	-	135,717,077,296
Foreign contractor tax	8,095,267,763	34,805,738,418	(8,082,022,908)	-	(34,793,897,954)	25,085,319
Others	-	7,078,476	(7,078,476)	-	-	-
	469,282,981,764	737,277,763,843	(401,412,048,676)	(474,141,891,122)	(37,459,897,070)	293,546,908,739

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16 SHORT-TERM ACCRUED EXPENSES

	2020 VND	2019 VND
Aircraft related expenses	569,186,857,946	1,002,323,973,201
Maintenance	156,345,907,814	16,817,771,642
Interest expense	57,690,338,836	37,953,919,036
Accrued bonus	-	52,869,889,371
Others	84,687,861,161	35,250,412,970
	<u>867,910,965,757</u>	<u>1,145,215,966,220</u>

17 SHORT-TERM UNEARNED REVENUE

	2020 VND	2019 VND
Passenger transportation and ancillary services revenue received in advance, to be realised within next 12 months	<u>867,654,596,914</u>	<u>3,184,286,840,374</u>

18 OTHER SHORT-TERM PAYABLES

	2020 VND	2019 VND
Third party		
Airport fees and charges payables	623,345,822,167	1,054,454,791,926
Short-term deposits received	74,003,924,865	163,669,310,988
Others	85,557,364,701	20,130,923,518
	<u>782,907,111,733</u>	<u>1,238,255,026,432</u>
Related parties (Note 38(b))	<u>805,379,859,913</u>	<u>381,579,592,492</u>
	<u>1,588,286,971,646</u>	<u>1,619,834,618,924</u>

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19 BORROWINGS	As at 1.1.2020 VND	Increase VND	Decrease VND	Revaluation VND	As at 31.12.2020 VND
(a) Short-term					
Borrowings from banks (i)	8,093,861,628,187	16,493,630,775,879	(18,108,994,917,912)	(7,236,759,420)	6,471,260,726,734
Current portion of long-term borrowings (Note 19(b))	67,227,620,000	2,622,989,083,545	(64,622,680,000)	(2,039,113,545)	2,623,554,910,000
Borrowings from related parties (Note 38(b))	-	1,000,000,000,000	-	-	1,000,000,000,000
	<u>8,161,089,248,187</u>	<u>20,116,619,859,424</u>	<u>(18,173,617,597,912)</u>	<u>(9,275,872,965)</u>	<u>10,094,815,636,734</u>

19 BORROWINGS (continued)

(a) Short-term (continued)

(i) Details of short-term borrowings from banks are as follows:

Lenders	Currency	2020 VND	2019 VND
Secured loans			
Ho Chi Minh City Development Joint Stock Commercial Bank, a related party (*)	USD	1,921,659,266,962	1,366,643,484,671
Unsecured loans			
Vietnam Joint Stock Commercial Bank of Industry and Trade	VND	1,973,275,655,305	2,398,451,410,411
Military Commercial Joint Stock Bank	VND	1,080,441,555,760	291,680,216,686
Woori Bank Vietnam Limited, Ho Chi Minh City Branch	VND	586,197,161,571	617,544,457,880
Petrolimex Group Commercial Joint Stock Bank	VND	449,735,795,752	-
Vietnam Maritime Commercial Joint Stock Bank	USD	226,640,066,933	268,808,055,678
United Overseas Bank (Vietnam) Limited, Ho Chi Minh City Branch	VND	123,411,192,331	51,529,456,152
HSBC Bank (Vietnam) Ltd.	VND	109,900,032,120	950,427,034,104
Joint Stock Commercial Bank for Investment and Development of Vietnam	VND	-	899,694,699,335
Joint Stock Commercial Bank for Foreign Trade of Vietnam	VND	-	498,769,230,200
Citibank, N.A., Ho Chi Minh City Branch	VND	-	483,399,422,787
JPMorgan Chase Bank, N.A., Ho Chi Minh City Branch	USD	-	134,342,641,635
Vietnam Technological and Commercial Joint Stock Bank	USD	-	77,771,609,445
BNP Paribas, Ho Chi Minh City Branch	VND	-	54,799,909,203
		6,471,260,726,734	8,093,861,628,187
		6,471,260,726,734	8,093,861,628,187

(*) As at 31 December 2020, these borrowings were secured by the estimated receivables arising from the Group's sales of flight tickets in the future of VND3,973 billion (as at 31 December 2019: VND5,751 billion).

In 2020, these borrowings bear interest at rates ranging from 3.0% to 6.2% per annum (2019: from 3.1% to 5.5% per annum) for borrowings in VND, and from 1.89% to 3.70% per annum (2019: from 2.7% to 3.4% per annum) for borrowings in USD.

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19 BORROWINGS (continued)

(b) Long-term

	As at 1.1.2020 VND	Increase VND	Decrease VND	Revaluation VND	As at 31.12.2020 VND
Borrowings from banks (i)	3,129,100,142,217	-	(64,622,680,000)	(4,582,042,361)	3,059,895,419,856
Straight bonds (ii)	600,000,000,000	310,700,000,000	-	-	910,700,000,000
Current portion of long-term borrowings	(67,227,620,000)	(2,622,989,083,545)	64,622,680,000	2,039,113,545	(2,623,554,910,000)
	<u>3,661,872,522,217</u>	<u>(2,312,289,083,545)</u>	<u>-</u>	<u>(2,542,928,816)</u>	<u>1,347,040,509,856</u>

(i) Borrowings from banks

Details of long-term borrowings from banks are as follows:

Lenders	Currency	Maturity	2020 VND	2019 VND
Woori Bank - Singapore Branch (*)	USD	November 2021	1,044,675,000,000	1,045,350,000,000
Industrial and Commercial Bank of China Limited - Hong Kong Branch (*)	USD	November 2021	1,044,675,000,000	1,045,350,000,000
KEB Hana Bank - Hong Kong Branch (*)	USD	November 2021	464,300,000,000	464,600,000,000
Military Commercial Joint Stock Bank (**)	USD	June 2028	506,245,419,856	573,800,142,217
			<u>3,059,895,419,856</u>	<u>3,129,100,142,217</u>

19 BORROWINGS (continued)**(b) Long-term (continued)****(i) Borrowings from banks (continued)**

(*) This syndicated borrowing was provided by three banks with total commitments of USD110 million. The maturity of the borrowing is two years from the drawdown date. The loan's principal is repayable in 4 installments in 2021. The syndicated borrowing is unsecured and bears interest at a rate of 1.63% per annum (2019: 3.29% per annum).

(**) The principal of this borrowing is repayable in 17 equal semi-annual installments of USD1.4 million (equivalent to VND33 billion) each and a final installment of USD1.5 million (equivalent to VND35 billion) on 13 June 2028. The borrowing bears interest at a rate of 3.29% per annum (2019: from 5.02% to 5.59% per annum) and is secured by the Group's tangible fixed assets with the carrying amount as follows:

	2020 VND	2019 VND
Aircraft No. A320 MSN7167, VNA675 (Note 10(a))	<u>691,868,244,863</u>	<u>734,165,754,457</u>

(ii) Straight bonds

Terms and conditions of long-term bonds are as follows:

	Currency	Annual interest	Year of maturity	2020 VND	2019 VND
Bonds issued at par, maturing after 36 months (*)	VND	9%	2022	600,000,000,000	600,000,000,000
Bonds issued at VND100,000 per bond, maturing after 36 months (**)	VND	9%	2023	310,700,000,000	-
				<u>910,700,000,000</u>	<u>600,000,000,000</u>

(*) This bond is underwritten by Ho Chi Minh City Securities Corporation and is unsecured; interest is payable in each semi-annual period with a fixed interest rate of 9% per annum for the first 2 semi-annual periods from the date of issuance, and a floating interest rate equal to 3% per annum plus the average interest rates of 12-month corporate deposits in VND in the following semi-annual periods to the maturity date.

(**) This bond is underwritten by HDB Securities Corporation and is unsecured; interest is payable in each semi-annual period with a fixed interest rate of 9% per annum for the first 2 semi-annual periods from the date of issuance, and a floating interest rate equal to 3% per annum plus the average interest rates of 12-month corporate deposits in VND in the following semi-annual periods to the maturity date.

20 PROVISION FOR LIABILITIES

Movements of provision for liabilities during the year are as follows:

	Provision for maintenance expenses VND	Provision to make good on leased assets VND	Total VND
Beginning of year	11,735,385,118,489	948,853,047,893	12,684,238,166,382
Provision made during the year	1,433,960,884,452	56,655,038,270	1,490,615,922,722
Provision decreased during the year (*)	(3,258,146,656,284)	(175,356,641,656)	(3,433,503,297,940)
Others	(3,353,341,457)	53,550,541,007	50,197,199,550
End of year	<u>9,907,846,005,200</u>	<u>883,701,985,514</u>	<u>10,791,547,990,714</u>
Short-term	1,804,991,310,826	59,166,063,740	1,864,157,374,566
Long-term	8,102,854,694,374	824,535,921,774	8,927,390,616,148
	<u>9,907,846,005,200</u>	<u>883,701,985,514</u>	<u>10,791,547,990,714</u>

(*) Included a decrease due to a number of aircraft were sub-leased to a related party.

21 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. Details are as follows:

	2020 VND	2019 VND
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	2,268,412,283,857	2,135,549,753,403
Deferred tax assets to be recovered within 12 months	382,643,540,574	439,362,925,020
	<u>2,651,055,824,431</u>	<u>2,574,912,678,423</u>
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after more than 12 months	2,353,904,244,611	2,553,581,263,428
Deferred tax liabilities to be recovered within 12 months	364,976,354,963	415,776,354,965
	<u>2,718,880,599,574</u>	<u>2,969,357,618,393</u>
Net-off	<u>(2,651,055,824,431)</u>	<u>(2,574,912,678,423)</u>
Net deferred income tax liabilities	<u>67,824,775,143</u>	<u>394,444,939,970</u>

Movements in the deferred income tax, taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	2020 VND	2019 VND
Beginning of year	394,444,939,970	374,787,926,130
Income statement (credit)/charge (Note 34)	(326,620,164,827)	19,657,013,840
End of year	<u>67,824,775,143</u>	<u>394,444,939,970</u>

The Group uses tax rate of 20% in year ended 2020 (2019: 20%) to determine deferred income tax assets and deferred income tax liabilities.

Deferred income tax assets and deferred income tax liabilities mainly include temporary differences related to deductible temporary differences, taxable temporary differences and tax losses carried forward.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

21 DEFERRED INCOME TAX (continued)

The Group's tax losses of the fiscal year 2020 which are carried forward to offset against future taxable profits are VND2,414,670,803,135. These tax losses can be carried forward for a maximum period of no more than five consecutive years from the year right after the year in which the loss was incurred. The actual amount of tax losses that can be carried forward is subject to review and approval of the tax authorities and may be different from the figures presented in the consolidated financial statements.

22 OWNERS' CAPITAL**(a) Number of shares**

	2020		2019	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares registered	541,611,334	-	541,611,334	-
Number of shares issued	541,611,334	-	541,611,334	-
Number of shares repurchased	(17,772,740)	-	(17,772,740)	-
Number of existing shares in circulation	523,838,594	-	523,838,594	-

(b) Movement of share capital

	Number of shares	Ordinary shares VND
As at 1 January 2019	541,611,334	5,416,113,340,000
Treasury shares purchased during the year (*)	(17,772,740)	(177,727,400,000)
As at 31 December 2019	523,838,594	5,238,385,940,000
As at 31 December 2020	523,838,594	5,238,385,940,000

(*) According to the Resolution No. 28-19/VJC-HDQT-NQ dated 9 July 2019 of the Board of Directors. The purchase of treasury shares was completed on 23 August 2019.

Par value per share: VND10,000.

Each share is entitled to one vote at the Shareholders' meetings of the Group. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Group's residual assets. In respect of shares bought back by the Group, all rights are suspended until those shares are reissued.

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23 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Foreign exchange difference VND	Undistributed earnings VND	Non- controlling interests VND	Total VND
As at 1 January 2019	5,416,113,340,000	245,949,492,805	-	119,103,575,688	8,255,509,576,829	1,827,251,260	14,038,503,236,582
Net profit for the year	-	-	-	-	3,806,761,193,483	583,933,611	3,807,345,127,094
Dividends paid in cash (Note 24)	-	-	-	-	(541,611,334,000)	-	(541,611,334,000)
Repurchase of treasury shares	-	-	(2,347,121,362,620)	-	-	-	(2,347,121,362,620)
Foreign currency conversion differences for overseas activities	-	-	-	(54,283,836,995)	-	-	(54,283,836,995)
As at 31 December 2019	5,416,113,340,000	245,949,492,805	(2,347,121,362,620)	64,819,738,693	11,520,659,436,312	2,411,184,871	14,902,831,830,061
Net profit for the year	-	-	-	-	68,591,150,827	74,184,307	68,665,335,134
Dividends distribution	-	-	-	-	(1,829,539,234)	-	(1,829,539,234)
Foreign currency conversion differences for overseas activities	-	-	-	8,731,359,157	-	-	8,731,359,157
As at 31 December 2020	5,416,113,340,000	245,949,492,805	(2,347,121,362,620)	73,551,097,850	11,589,250,587,139	655,829,944	14,978,398,985,118

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24 DIVIDENDS

	2020 VND	2019 VND
Beginning of year	57,789,721,550	59,290,521,050
Dividends payable during the year	-	541,611,334,000
Dividends paid in cash	-	(543,112,133,500)
End of year	<u>57,789,721,550</u>	<u>57,789,721,550</u>

Pursuant to the Resolution No. 01-20/VJ-DHCD-DD dated 27 June 2020, the General Meeting of Shareholders of the Group approved the share dividends to its existing shareholders at the rate of 50% on the total par value of existing shares in circulation.

25 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders after deducting the bonus and welfare fund by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Company and held as treasury shares. Details are as follows:

	For the year ended 31 December	
	2020	2019
Net profit attributable to shareholders (VND)	<u>68,591,150,827</u>	<u>3,806,761,193,483</u>
Weighted average number of ordinary shares in issue (shares)	523,838,594	535,670,857
Basic earnings per share (VND)	<u>131</u>	<u>7,107</u>

(b) Diluted earnings per share

The Company did not have any ordinary shares potentially diluted earnings per share.

26 OFF CONSOLIDATED BALANCE SHEET ITEMS

(a) Foreign currencies

	2020	2019
USD	10,850,272	100,147,841
KRW	229,894,064	3,567,799,189
JPY	<u>71,052,730</u>	<u>323,634,514</u>

(b) Operating lease assets

The future minimum lease receipts under non-cancellable operating leases were presented in Note 39(a).

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27 NET REVENUE FROM SALES OF GOODS AND RENDERING OF SERVICES

	2020	2019
	VND	VND
Passenger transportation		
- Domestic routes	4,613,721,637,168	10,752,979,798,311
- International routes including regular charter flights	2,705,373,999,227	14,691,916,365,734
- Ancillary revenue	6,170,607,471,206	11,305,775,201,548
- Non-regular charter flights and aircraft wet leases	161,292,751,029	460,526,968,412
	<u>13,650,995,858,630</u>	<u>37,211,198,334,005</u>
Aircraft dry leases	1,050,068,574,828	760,279,315,508
Revenue from sales of aircraft and aircraft trading	3,124,117,008,389	12,013,870,833,333
Other revenue	395,111,446,679	617,587,524,543
	<u>18,220,292,888,526</u>	<u>50,602,936,007,389</u>

28 COST OF GOODS SOLD AND SERVICES RENDERED

	2020	2019
	VND	VND
Flight operation expenses	14,849,130,306,461	29,969,793,868,192
Cost of aircraft sold	2,379,298,472,217	8,181,387,074,057
Technical expenses	1,948,532,113,824	3,752,982,327,377
Ground operation expenses	1,191,515,678,112	2,850,656,915,692
Reversal of provision for liabilities (*)	(1,445,196,940,370)	-
Cargo expenses	144,383,502,347	159,380,644,325
Safety, security, quality and assurance expenses	47,971,024,392	39,936,425,775
Others	516,587,200,044	26,003,442,864
	<u>19,632,221,357,027</u>	<u>44,980,140,698,282</u>

(*) Included a decrease due to a number of aircraft were sub-leased to a related party.

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29 FINANCIAL INCOME

	2020 VND	2019 VND
Income from sale of purchase right option of shares (Note 4(a))	500,000,000,000	-
Realised foreign exchange gains	98,014,891,307	175,254,975,576
Net gain from foreign currency translation at period-end	-	43,926,035,073
Interest income from deposits and loans	344,898,788,490	550,933,281,288
Dividend income (Note 38(a)(vi))	17,371,644,000	10,332,636,000
Others	10,144,304,697	48,856,982
	<u>970,429,628,494</u>	<u>780,495,784,919</u>

30 FINANCIAL EXPENSES

	2020 VND	2019 VND
Interest expense	452,572,729,500	351,417,652,590
Realised foreign exchange losses	47,528,801,439	63,258,014,929
Unwinding discount of provisions (Reversal of provision)/provision for diminution in value of investments	53,550,541,007	229,491,749,908
Net loss from foreign currency translation at period-end	(165,000,000,000)	380,500,000,000
	30,763,613,923	-
	<u>419,415,685,869</u>	<u>1,024,667,417,427</u>

31 SELLING EXPENSES

	2020 VND	2019 VND
Sales commissions	280,130,515,680	485,917,726,459
Advertising and marketing expenses	374,659,294,389	375,665,475,855
Staff costs	95,299,897,805	129,485,124,150
Depreciation and amortisation	325,213,095	384,117,565
Others	13,661,119,770	12,069,522,029
	<u>764,076,040,739</u>	<u>1,003,521,966,058</u>

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32 GENERAL AND ADMINISTRATION EXPENSES

	2020 VND	2019 VND
Staff costs	173,771,744,803	206,947,070,334
External service expenses	110,772,451,763	144,854,198,826
Rental	31,940,358,413	44,232,097,001
Depreciation and amortisation	6,093,143,340	2,621,530,826
Others	52,269,619,263	36,999,292,813
	<u>374,847,317,582</u>	<u>435,654,189,800</u>

33 OTHER INCOME AND OTHER EXPENSES

	2020 VND	2019 VND
Other income		
Income from transferring project (*)	793,160,000,000	-
Income from compensation (**)	557,160,000,000	-
Gains on disposal of fixed assets	397,277,400,299	694,598,317,992
Others	31,908,668,801	26,784,067,435
	<u>1,779,506,069,100</u>	<u>721,382,385,427</u>
Other expenses		
Others	(6,431,815,059)	(371,826,584)
	<u>(6,431,815,059)</u>	<u>(371,826,584)</u>
Net income	<u>1,773,074,254,041</u>	<u>721,754,212,011</u>

(*) This relates to the transfer of the Group's rights to lease and to operate Vietjet Plaza Building to a related party, in which VND400 billion has been received (Note 38(a)(vi)). Accordingly, the Group liquidated the lease contract of Vietjet Plaza Building signed with Truong Son Plaza Joint Stock Company (formerly known as Vietjet Plaza Joint Stock Company).

(**) This relates to a compensation entitled from an aircraft supplier.

34 BUSINESS INCOME TAX (“BIT”)

VietJet Aviation Joint Stock Company

For public passengers and cargo air transportation services, under the terms of current income tax laws, the Company has an obligation to pay the BIT at the rate of 20% of taxable profits.

VietjetAir Cargo Joint Stock Company

The company has an obligation to pay the BIT at the applicable tax rate of 20% of taxable profits.

Galaxy Pay Limited Company

The company has an obligation to pay the BIT at the applicable tax rate of 20% of taxable profits.

Companies incorporated in British Virgin Islands

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

Income or profits generated in the British Virgin Islands are non-taxable.

Company incorporated in Singapore

Vietjet Air Singapore Pte. Ltd.

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

Company incorporated in Ireland

Vietjet Air Ireland No. 1 Limited

Vietjet Air Ireland No. 1 Limited has an obligation to pay BIT at the rate of 25% of taxable profits.

34 BUSINESS INCOME TAX (“BIT”) (continued)

The BIT on the Group’s accounting (loss)/profit before tax differs from the theoretical amount that would arise using the applicable tax rate of 20% as follows:

	2020 VND	2019 VND
Net accounting (loss)/profit before tax	(244,492,770,448)	4,568,651,014,974
Tax calculated at a rate of 20%	(48,898,554,090)	913,730,202,995
Effect of:		
Expenses not deductible for tax purposes	36,096,065,475	2,806,854,404
Effect of difference tax rates applied for subsidiaries	(293,605,839,374)	(186,721,720,480)
Income not subject to tax	(6,767,499,421)	(2,066,527,200)
Tax losses for which no deferred income tax asset was recognised	17,721,828	33,557,078,161
BIT charge (*)	<u>(313,158,105,582)</u>	<u>761,305,887,880</u>
Charged/(credited) to the income statement:		
BIT – current	13,462,059,245	741,648,874,040
BIT – deferred (Note 21)	(326,620,164,827)	19,657,013,840
	<u>(313,158,105,582)</u>	<u>761,305,887,880</u>

(*) The BIT charge for the year is based on estimated taxable income and is subject to review and possible adjustments by the tax authorities.

35 COSTS OF OPERATION BY FACTOR

Costs of operation by factor represent all costs incurred during the year from the Group’s operating activities, excluding cost of merchandise for trading activities. Details are as follows:

	2020 VND	2019 VND
Fuel costs	5,545,642,037,649	15,038,709,387,975
Costs of purchasing aircraft	2,554,048,472,217	8,181,387,074,057
Staff costs	2,799,777,767,421	4,780,622,485,492
Depreciation and amortisation	141,435,349,577	175,155,660,359
External service and other expenses	10,013,744,380,032	18,243,442,246,257
	<u>21,054,648,006,896</u>	<u>46,419,316,854,140</u>

36 SEGMENT REPORTING

The Board of Management of the Company determines that the management decisions of the Group are based primarily on both the types of products and services provided by the Group and the geographic areas in which the Group supplies product and service. As a result, the segment reporting of the Group is presented in respect of the Group's business segments and geographical segments.

(a) Business segments

For management purposes, the Group has 2 business segments as follows:

- Providing passenger and cargo transportation services, ancillary services, aircraft leasing and in-flight advertising (referred to as "aviation services"); and
- Buying and selling aircraft and related assets.

Except as indicated above, the Group has no other business segments being aggregated to form a reportable business segment. Segmental information for total revenue and cost of sales is shown in Note 27 and Note 28 to the consolidated financial statements. There is no internal revenue between business segments. All the Group's assets, liabilities, financial income and financial expenses, selling expenses, general and administration expenses, other income and other expenses are unallocated.

(b) Geographical segments

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

	2020	2019
	VND	VND
In Vietnam	9,226,682,948,573	14,691,916,365,734
Outside Vietnam	8,993,609,939,953	35,911,019,641,655
	<u>18,220,292,888,526</u>	<u>50,602,936,007,389</u>

The Group has no other geographical segments except for revenue because the Board of Management of the Company determined that the Group's management decisions are based primarily on revenue by geographical areas.

37 ADDITIONAL INFORMATION ON CERTAIN ITEMS OF THE CONSOLIDATED CASH FLOW STATEMENT

Non-cash transactions affecting the consolidated cash flow statement:

	Year ended 31 December	
	2020 VND	2019 VND
Purchase of fixed assets and other long-term assets that have not yet settled	-	296,447,864,777
Reclassification from long-term lendings to short-term receivables due to disposal of business cooperation contract	701,500,000,000	-
Reclassification of current portion of long-term borrowings	2,622,989,083,545	67,227,620,000

38 RELATED PARTY DISCLOSURES

During the year, the Group had major transactions and balances with following related parties:

Related party	Relationship
Sovico Holdings Joint Stock Company	Major shareholder
Ho Chi Minh City Development Joint Stock Commercial Bank	Major shareholder
Thai Vietjet Air Joint Stock Co., Ltd.	Associate
Cam Ranh International Terminal Joint Stock Company	Associate
Sai Gon Ground Services Joint Stock Company	Other related party
Truong Son Plaza Joint Stock Company (Vietjet Plaza Joint Stock Company)	Other related party
Cong Hoa Commercial Investment Joint Stock Company (formerly known as Thuy Duong - Duc Binh Commercial Joint Stock Company)	Other related party
Sovico Energy Holdings Company	Other related party
Sovico Group Joint Stock Company	Other related party
Menas Company Limited	Other related party
Angelica Holding Limited	Other related party
Angelica Aircraft Assets Limited	Other related party
Apricot Aircraft Company (Ireland) 8577 Limited	Other related party
Apricot Aircraft Company (Ireland) 8592 Limited	Other related party
Apricot Aircraft Company (Ireland) 8605 Limited	Other related party
Apricot Aircraft Company (Ireland) 8670 Limited	Other related party
Apricot Aircraft Company (Ireland) 8676 Limited	Other related party
Apricot Aircraft Assets Limited	Other related party
AAA Aircraft Asset Company Limited	Other related party
AAA Golden Aircraft Star No.1 Limited	Other related party
AAA Golden Aircraft Star No. 5 Limited	Other related party
World Go International Limited	Other related party

38 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions

During the year, the following major transactions were carried out with related parties:

	2020 VND	2019 VND
i) Revenue from aircraft leasing		
Associate	1,050,068,574,828	760,279,315,508
Other related party	24,345,848,859	-
	<u>1,074,414,423,687</u>	<u>760,279,315,508</u>
ii) Revenue from sales of purchase right option		
Other related party	<u>641,630,000,000</u>	<u>2,561,096,495,478</u>
iii) Income from sales of engines		
Other related party	<u>1,675,464,000,000</u>	<u>1,625,468,114,867</u>
iv) Revenue from other services		
Associate	<u>175,002,070,685</u>	<u>161,689,180,401</u>
v) Financing activities		
Interest expense		
Major shareholder	81,907,669,443	36,963,732,200
Other related party	27,616,438,356	-
	<u>109,524,107,799</u>	<u>36,963,732,200</u>
Proceeds from borrowings		
Major shareholder	3,156,260,951,776	8,999,104,198,241
Other related party	1,000,000,000,000	-
	<u>4,156,260,951,776</u>	<u>8,999,104,198,241</u>
vi) Investing activities		
Interest income		
Major shareholder	27,995,110,486	59,359,990,462
Associate	215,537,095,730	121,361,994,427
Other related party	31,460,986,301	221,294,000,000
	<u>274,993,192,517</u>	<u>402,015,984,889</u>

38 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

	2020 VND	2019 VND
vi) Investing activities (continued)		
<i>Term deposits and certificate of deposits</i>		
Major shareholder	5,889,000,000,000	8,306,000,000,000
<i>Dividend income (Note 29)</i>		
Associate	11,250,000,000	7,500,000,000
Other related party	6,121,644,000	2,832,636,000
	<u>17,371,644,000</u>	<u>10,332,636,000</u>
<i>Income from sale of purchase right option of trading securities</i>		
Income from sale of purchase right option	500,000,000,000	-
Payment received	300,000,000,000	-
	<u>800,000,000,000</u>	<u>-</u>
<i>Purchase of corporate bonds</i>		
Deposit for purchase of corporate bonds	2,000,000,000,000	-
Received refund from deposit for purchase of corporate bonds	2,000,000,000,000	-
Interest income	52,661,095,889	-
	<u>4,052,661,095,889</u>	<u>-</u>
<i>Transfer of the commercial right (Note 33)</i>		
Income from transfer of the commercial right	793,160,000,000	-
Payment received	400,000,000,000	-
	<u>1,193,160,000,000</u>	<u>-</u>
<i>Disposal of right and obligation in a project (Note 12)</i>		
Reclassification from long-term lendings to short-term receivables due to of disposal of business cooperation contract	701,500,000,000	-
Receivable from interest income from business cooperation contract	252,754,849,315	-
	<u>954,254,849,315</u>	<u>-</u>

38 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

	2020 VND	2019 VND
vii) Other transactions		
<i>Prepayment for office rental</i>		
Major shareholder	21,504,159,376	-
<i>Office rental expenses</i>		
Major shareholder	8,378,243,913	7,130,113,124
Other related party	24,246,902,255	22,176,853,495
	<u>32,625,146,168</u>	<u>29,306,966,619</u>
<i>Payments and receipts on behalf, net cashflows</i>		
Associate	333,594,389,704	256,369,878,297
Other related party	296,379,000,000	400,217,008,891
	<u>629,973,389,704</u>	<u>656,586,887,188</u>
viii) Compensation of key management		
Gross salaries and other benefits	18,559,933,198	42,721,583,529

(b) Year-end balances with related parties

	2020 VND	2019 VND
Cash and cash equivalent		
Major shareholder	1,947,626,832,738	3,275,220,588,418
Short-term trade accounts receivable (Note 5)		
Associate	2,043,844,207,397	1,092,199,590,330
Other related parties	2,953,635,130,502	2,863,438,970,477
	<u>4,997,479,337,899</u>	<u>3,955,638,560,807</u>

38 RELATED PARTY DISCLOSURES (continued)

(b) Year-end balances with related parties

	2020 VND	2019 VND
Short-term prepayments to suppliers (Note 6)		
Other related party	-	13,823,146,505
Other short-term receivables (Note 7(a))		
Associate (i)	1,198,705,488,698	1,497,295,868,392
Other related parties (ii)	2,819,112,588,473	473,511,995,080
	<u>4,017,818,077,171</u>	<u>1,970,807,863,472</u>

(i) The receivable mainly included payment on behalf and earned interest at the rate of 8.8% per annum (2019: 5.5% per annum).

(ii) Included receivables from the transfer of the business and operation rights of the Vietjet Plaza Building and the receivables relating to the sale of purchase right option of Petro Vietnam Oil Corporation's shares.

Other long-term receivables (Note 7(b))

Associate (iii)	468,344,946,987	468,344,946,987
Other related party (iv)	257,619,240,719	1,131,357,361,490
	<u>725,964,187,706</u>	<u>1,599,702,308,477</u>

(iii) The balance was unsecured and interest free.

(iv) The balance represents the receivables from Apricot Aircraft Assets Limited, a related party regarding the maintenance reserves.

38 RELATED PARTY DISCLOSURES (continued)

(b) Year-end balances with related parties (continued)

	2020 VND	2019 VND
Long-term lending (Note 12)		
Other related parties	499,159,644,000	1,200,982,168,000
	<u>499,159,644,000</u>	<u>1,200,982,168,000</u>
Short-term trade accounts payable (Note 13)		
Major shareholder	24,576,182,144	-
Associate	29,578,997,675	-
Other related parties	72,155,211,920	2,613,464,691
	<u>126,310,391,739</u>	<u>2,613,464,691</u>
Short-term advances from customers (Note 14)		
Major shareholder	131,582,161	-
Associate	5,298,624,920	-
Other related parties	834,481,786	1,648,172,521
	<u>6,264,688,867</u>	<u>1,648,172,521</u>
Other short-term payables (Note 18)		
Major shareholders	69,822,859,913	67,531,967,892
Associate	-	314,047,624,600
Other related party	735,557,000,000	-
	<u>805,379,859,913</u>	<u>381,579,592,492</u>
Short-term borrowings (Note 19(a))		
Major shareholder	1,921,659,266,962	1,366,643,484,671
Other related party	1,000,000,000,000	-
	<u>2,921,659,266,962</u>	<u>1,366,643,484,671</u>

39 COMMITMENTS**(a) Commitments under operating leases***(i) The Group as a lessee*

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

	2020 VND	2019 VND
Within one year	7,295,557,109,808	7,176,796,331,855
Between one and five years	28,258,167,505,305	26,635,211,517,786
Over five years	24,551,317,111,601	28,804,407,584,591
Total minimum payments	<u>60,105,041,726,714</u>	<u>62,616,415,434,232</u>

(ii) The Group as a lessor

The Group signed operating lease contracts. Accordingly, the future minimum lease receipts under non-cancellable operating leases are as follows:

	2020 VND	2019 VND
Within one year	1,258,236,370,463	853,514,225,496
Between one and five years	3,525,160,217,707	2,989,932,273,234
Over five years	1,528,098,437,383	2,180,139,781,986
Total minimum receipts	<u>6,311,495,025,553</u>	<u>6,023,586,280,716</u>

(b) Other commitments

The Group signed an agreement and related amendments with Airbus S.A.S to purchase 186 aircraft. As at 31 December 2020, the Group has received 64 aircraft, the remaining aircraft are scheduled to deliver to the Group until 2026. To power these aircraft, the Group also ordered 106 aircraft engines from CFM International S.A and 90 aircraft engines from United Technologies Corporation (Pratt & Whitney Division), including maintenance services agreements. Pursuant to the aircraft purchase agreement, as at 31 December 2020, the Group's commitments in relation to pre-delivery payments for remaining aircraft to be delivered (including aircraft engines) were USD1,596 million (as at 31 December 2019: USD1,599 million).

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

39 COMMITMENTS (continued)**(b) Other commitments (continued)**

The Group also signed an agreement and related amendments with Boeing Company to purchase aircraft. Pursuant to the aircraft purchase agreement, as at 31 December 2020, the Group's commitments in relation to pre-delivery payments for the aircraft to be delivered were USD1,238 million (as at 31 December 2019: USD1,238 million). As at the date of the consolidated financial statements, the Group and Boeing Company were in the process of negotiation on the implementation of certain terms in this agreement.

40 EVENTS AFTER THE CONSOLIDATED BALANCE SHEET DATE

Pursuant to the Resolution of the Board of Directors dated 28 September 2020, the Board of Directors approved the decision to purchase shares of Swift 247 Company Limited which would merge with VietjetAir Cargo Joint Stock Company. However, such purchase of shares and merger will be executed in 2021. As at the date of these consolidated financial statements, the purchase of shares and merger between these two companies have not been completed.

Pursuant to the Resolution of the Board of Directors No.10-21/VJC-HDQT-NQ dated 5 March 2021, the Group completed the sale of 17,772,740 treasury shares in April 2021.

41 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

The consolidated financial statements were approved by the Board of Management on 30 April 2021.

Hoang Manh Ha
Chief Accountant

Ho Ngoc Yen Phuong
Vice President
cum Chief Finance Officer



Dinh Viet Phuong
Permanent Vice President
cum Managing Director