

VIETJET AVIATION JOINT STOCK COMPANY

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

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FOR THE YEAR ENDED 31 DECEMBER 2020**

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VIETJET AVIATION JOINT STOCK COMPANY

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

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

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

The Board of Management of VietJet Aviation Joint Stock Company (“the Company”) is responsible for preparing separate financial statements which give a true and fair view of the separate financial position of the Company as at 31 December 2020, and of the separate results of its operations and its separate cash flows for the year then ended. In preparing these separate 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 separate financial statements on a going-concern basis unless it is inappropriate to presume that the Company 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 separate financial position of the Company and enable separate financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the separate financial statements. The Board of Management is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud or error.

APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS

We hereby approve the accompanying separate financial statements as set out on pages 6 to 65 which give a true and fair view of the separate financial position of the Company as at 31 December 2020, and of the separate results of its operations and its separate 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 separate financial statements.

Users of these separate financial statements of the Company should read them together with the consolidated financial statements of the Company and its subsidiaries (“the Group”) for the year ended 31 December 2020 in order to obtain full information of the consolidated financial position and consolidated results of operations and consolidated cash flows of the Group.

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 separate financial statements of VietJet Aviation Joint Stock Company ("the Company") which were prepared on 31 December 2020 and approved by the Board of Management of the Company on 30 April 2021. The separate financial statements comprise the separate balance sheet as at 31 December 2020, the separate income statement and the separate cash flow statement for the year then ended, and explanatory notes to the separate financial statements including significant accounting policies, as set out on pages 6 to 65.

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 separate financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of separate financial statements; and for such internal control which the Board of Management determines as necessary to enable the preparation and fair presentation of the separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the separate financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical standards and requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the separate financial statements of Company are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and true and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the separate financial statements.

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

Auditor's Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of the Company as at 31 December 2020, its separate financial performance and separate cash flows of the Company 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 separate financial statements.

Emphasis of Matter

We draw attention to Note 2.2 in the separate financial statements, which indicates the impact of the COVID-19 pandemic on the Company's operations. The Company's ability to continue as a going concern depends on the Company'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 Company's ability to continue as a going concern. Our audit opinion is not modified in respect of this matter.

Other Matters

The separate financial statements of the Company 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 separate 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: HCM10858
Ho Chi Minh City, 30 April 2021

SEPARATE BALANCE SHEET

Code	ASSETS	Note	As at 31 December	
			2020 VND	2019 VND
100	CURRENT ASSETS		20,367,334,525,997	19,475,407,848,998
110	Cash and cash equivalents	3	2,895,810,907,792	5,355,816,155,352
111	Cash		1,220,342,256,515	3,815,637,517,972
112	Cash equivalents		1,675,468,651,277	1,540,178,637,380
120	Short-term investments		600,000,000,000	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)	-	709,756,800,000
130	Short-term receivables		15,918,339,540,755	11,781,440,667,810
131	Short-term trade accounts receivable	5	3,939,122,650,851	3,334,187,094,292
132	Short-term prepayments to suppliers	6	166,958,598,910	186,825,273,966
136	Other short-term receivables	7(a)	11,812,258,290,994	8,260,428,299,552
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		241,090,815,323	445,495,545,999
151	Short-term prepaid expenses	9(a)	212,726,834,066	382,337,666,788
153	Tax and other receivables from the State	14(a)	28,363,981,257	63,157,879,211

The notes on pages 12 to 65 are an integral part of these separate financial statements.

SEPARATE BALANCE SHEET
(continued)

Code	ASSETS (continued)	Note	As at 31 December	
			2020 VND	2019 VND
200	LONG-TERM ASSETS		19,258,240,295,143	24,466,778,688,937
210	Long-term receivables		12,468,380,233,254	15,089,231,602,305
215	Long-term lendings	12	-	701,500,000,000
216	Other long-term receivables	7(b)	12,468,380,233,254	14,387,731,602,305
220	Fixed assets		849,517,153,152	1,303,160,396,122
221	Tangible fixed assets	10(a)	848,484,656,852	1,301,038,091,839
222	Historical cost		1,122,615,532,564	1,687,120,867,140
223	Accumulated depreciation		(274,130,875,712)	(386,082,775,301)
227	Intangible fixed assets	10(b)	1,032,496,300	2,122,304,283
228	Historical cost		29,907,717,155	29,907,717,155
229	Accumulated amortisation		(28,875,220,855)	(27,785,412,872)
240	Long-term asset in progress		693,772,535,906	1,258,338,717,091
242	Construction in progress	11	693,772,535,906	1,258,338,717,091
250	Long-term investments		257,244,065,926	224,973,206,218
251	Investments in subsidiaries	4(c)	59,000,000,000	9,000,000,000
252	Investments in associates	4(c)	60,000,000,000	60,000,000,000
253	Investments in other entities	4(c)	149,417,024,400	149,417,024,400
254	Provision for long-term investments	4(c)	(17,729,140,292)	-
255	Investments held to maturity	4(b)	6,556,181,818	6,556,181,818
260	Other long-term asset		4,989,326,306,905	6,591,074,767,201
261	Long-term prepaid expenses	9(b)	4,989,326,306,905	6,591,074,767,201
270	TOTAL ASSETS		39,625,574,821,140	43,942,186,537,935

The notes on pages 12 to 65 are an integral part of these separate financial statements.

SEPARATE BALANCE SHEET
(continued)

Code	RESOURCES	Note	As at 31 December	
			2020 VND	2019 VND
300	LIABILITIES		34,599,034,545,092	37,462,639,184,568
310	Short-term liabilities		24,251,142,288,065	22,741,438,510,945
311	Short-term trade accounts payable	13	3,408,029,776,509	1,888,419,058,403
312	Short-term advances from customers	15	813,996,258,084	725,581,455,476
313	Tax and other payables to the State	14(b)	296,437,889,385	468,548,742,197
314	Payable to employees		62,911,822,426	-
315	Short-term accrued expenses	16	851,938,440,357	1,128,067,820,011
318	Short-term unearned revenue	17	867,654,596,914	3,184,286,840,374
319	Other short-term payables	18	5,991,200,493,090	5,160,454,035,471
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		10,347,892,257,027	14,721,200,673,623
337	Other long-term payables		5,636,355,880	5,636,355,880
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		5,026,540,276,048	6,479,547,353,367
410	Capital and reserves		5,026,540,276,048	6,479,547,353,367
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)
421	Undistributed earnings	23	1,711,598,805,863	3,164,605,883,182
421a	- Undistributed post-tax profits of previous years		3,164,605,883,182	55,962,988,371
421b	- (Loss)/post-tax profits of current year		(1,453,007,077,319)	3,108,642,894,811
440	TOTAL RESOURCES		39,625,574,821,140	43,942,186,537,935

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 65 are an integral part of these separate financial statements.

SEPARATE INCOME STATEMENT

Code	Note	Year ended 31 December	
		2020 VND	2019 VND
01	Revenue from sales of goods and rendering of services	15,203,045,739,464	41,252,356,172,059
02	Less deductions	-	-
10	Net revenue from sales of goods and rendering of services	15,203,045,739,464	41,252,356,172,059
11	Cost of goods sold and services rendered	(17,134,487,072,513)	(36,690,522,532,276)
20	Gross (loss)/profit from sales of goods and rendering of services	(1,931,441,333,049)	4,561,833,639,783
21	Financial income	973,719,418,083	1,625,451,448,981
22	Financial expenses	(436,846,911,283)	(1,024,010,617,800)
23	- Including: Interest expense	(452,572,729,500)	(351,417,652,590)
25	Selling expenses	(834,501,191,221)	(1,164,676,266,939)
26	General and administration expenses	(367,875,750,832)	(422,057,125,583)
30	Net operating (loss)/profit	(2,596,945,768,302)	3,576,541,078,442
31	Other income	825,028,045,439	292,304,818,107
32	Other expenses	(7,709,519,283)	(342,823,079)
40	Net other income	817,318,526,156	291,961,995,028
50	Net accounting (loss)/profit before tax	(1,779,627,242,146)	3,868,503,073,470
51	Business income tax ("BIT") - current	-	(740,203,164,819)
52	BIT - deferred	326,620,164,827	(19,657,013,840)
60	Net (loss)/profit after tax	(1,453,007,077,319)	3,108,642,894,811

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 65 are an integral part of these separate financial statements.

VIETJET AVIATION JOINT STOCK COMPANY

Form B 03 – DN

SEPARATE 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	(1,779,627,242,146)	3,868,503,073,470
	Adjustments for:		
02	Depreciation and amortisation	141,250,384,397	174,849,307,557
03	(Reversal of provisions)/provisions	(2,090,158,234,926)	1,289,143,641,551
04	Unrealised foreign exchange losses/(gains)	30,924,959,777	(43,926,035,073)
05	Profits from investing activities	(378,423,602,638)	(1,672,080,123,019)
06	Interest expense	452,572,729,500	351,417,652,590
08	Operating (loss)/profit before changes in working capital	(3,623,461,006,036)	3,967,907,517,076
09	Increase in receivables	(295,080,492,049)	(6,606,943,013,649)
10	Decrease/(increase) in inventories	35,805,417,710	(279,169,374,252)
11	Increase in payables	7,801,142,424	2,480,561,799,101
12	Decrease/(increase) in prepaid expenses	1,771,359,293,018	(970,160,905,361)
14	Interest paid	(432,836,309,700)	(322,342,594,337)
15	BIT paid	(237,350,686,663)	(471,000,000,000)
20	Net cash outflows from operating activities	(2,773,762,641,296)	(2,201,146,571,422)
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets and other long-term assets	(293,743,925,297)	(2,472,240,810,037)
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	-
25	Investments in other entities	(50,000,000,000)	-
27	Dividends and interest received	320,501,197,160	207,648,691,277
30	Net cash inflows/(outflows) from investing activities	686,514,071,863	(2,980,348,918,760)

The notes on pages 12 to 65 are an integral part of these separate financial statements.

SEPARATE 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	(2,456,535,391,466)	(1,781,699,547,331)
60	Cash and cash equivalents at beginning of year	5,355,816,155,352	7,156,359,241,738
61	Effect of foreign exchange differences	(3,469,856,094)	(18,843,539,055)
70	Cash and cash equivalents at end of year	2,895,810,907,792	5,355,816,155,352

Additional information relating to the separate cash flow statement is presented in Note 36.



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 65 are an integral part of these separate financial statements.

**NOTES TO THE SEPARATE 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 are to provide passenger and cargo transportation services on domestic and international air routes, airline-related support services.

The normal business cycle of the Company is 12 months.

As at 31 December 2020, the Company had 7 subsidiaries and 2 associates as disclosed in Note 4(c) – Investments in other entities. Details are as follows:

	Principal activities	Enterprise registration certificate	Place of incorporation and operation	Ownership and voting right (%)	
				2020	2019
Directly-owned 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
Galaxy Pay Company Limited	To provide payment services (online payment, e-wallet)	No. 0316368255 dated 7 July 2020	Vietnam	100	-
Indirectly-owned subsidiary					
Skymate Limited	To trade and lease aircraft	No. 327015 dated 15 September 2017	Cayman Islands	100	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 Company has the right to appoint members of the Board of Directors of these companies.

As at 31 December 2020, the Company had 5,468 employees (as at 31 December 2019: 5,054 employees).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of preparation of separate financial statements**

The separate financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate financial statements. The separate financial statements have been prepared under the historical cost convention.

The accompanying separate financial statements are not intended to present the separate financial position and separate results of operations and separate 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 separate financial statements in the Vietnamese language are the official statutory separate financial statements of the Company. The separate financial statements in the English language have been translated from the Vietnamese version.

Separately, the Company has also prepared consolidated financial statements of the Company and its subsidiaries (together referred to as "the Group"), in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements. In the consolidated financial statements, subsidiary undertakings, which are those companies over which the Group has the power to govern the financial and operating policies, have been fully consolidated.

Users of these separate financial statements of the Company should read them together with the consolidated financial statements of the Group for year ended 31 December 2020 in order to obtain full information of the consolidated financial position and consolidated results of operations and consolidated cash flows of the Group.

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 on Vietnam during the year 2020 and early 2021, caused difficulties and challenges to all corporations, including the Company.

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 Company's financial performance and cash flows. As a consequence, the Company reported a gross loss from the main aviation business of VND1,931 billion for the financial year ended 31 December 2020. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Company'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 Company has implemented several measures to weather this challenging time. These efforts are ongoing as the Company 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 Company resumed operations accordingly. The Company has seen positive developments in its business operations as passenger seat booking trends, flight frequencies and load factors are gradually improving. As at 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 Company'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 Company 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 Company's existing lenders have provided financial support by extending the maturity dates. To shore up liquidity, the Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 separate financial statements. Accordingly, the separate financial statements for the year ended 31 December 2020 have been prepared on a going concern basis.

2.3 Fiscal year

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

2.4 Currency

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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 Company regularly trades. The Company ensures that the disparity of the approximate exchange rate does not exceed +/- 1% compared with the average transfer exchange rate and does not materially impact the financial position and result of operations 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 separate income statement.

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

2.6 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.

2.7 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 separate balance sheet based on the remaining period from the separate balance sheet date to the maturity date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.8 Maintenance reserves of leased aircraft**

Under the terms of its aircraft operating lease agreements, the Company 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 Company 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 separate balance sheet date to the estimated time that the Company could reimburse the maintenance expenses from lessors.

2.9 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 Company 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.

2.10 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.10 Investments (continued)****(a) Trading securities (continued)**

The Company 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 separate 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 Company has a positive intention and ability to hold until maturity.

Investments held-to-maturity include term deposits, bonds and investments in business cooperation contracts. 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 separate balance sheet based on the remaining period from the separate balance sheet date to the maturity date.

(c) Investments in subsidiaries

Subsidiaries are all entities over which the Company 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 Company controls another entity.

Investments in subsidiaries are initially recorded at cost of acquisition including purchase cost or capital contribution value plus other expenditure directly attributable to the investment. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the period end.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.10 Investments (continued)****(d) Investments in associates**

Associates are investments that the Company has significant influence but not control over and would generally have from 20% to less than 50% of the voting rights of the investee.

Investments in associates are accounted for at cost of acquisition including purchase cost or capital contribution value plus other expenditure directly attributable to the investments. Subsequently, the Board of Management reviews all outstanding investments to determine the amount of provision to recognise at the period end.

(e) 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.

(f) Provision for investments in subsidiaries, associates and other entities

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

Changes in the provision balance during the 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.

2.11 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 lendings 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.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.12 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 separate 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 separate 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 are comprised 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.

2.13 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 separate income statement on either a straight-line basis over the term of the lease or using another calculation method if it is more reasonable.

2.14 Prepaid expenses

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.14 Prepaid expenses (continued)****(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 over 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 Company in the normal course of business whose costs of individual items are less than VND30 million and therefore are not qualified for being recognised 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.

2.15 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 separate balance sheet based on the remaining period from the separate balance sheet date to the maturity date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.16 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 separate balance sheet based on the remaining period from the separate 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 Company 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 Company'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 separate income statement when incurred.

2.17 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.

2.18 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.

2.19 Provisions

Provisions are recognised when the Company 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 Company and its lessors and the requirements of Vietnam Aviation Authority, the Company 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 Company's costs while the periodic maintenance will be covered by maintenance reserves.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.19 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 separate 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 separate 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 Company'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 Company 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 Company 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 Company's modifications (if any), costs 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)**2.20 Unearned revenue**

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

2.21 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 Company's results after BIT at the reporting date.

2.22 Appropriation of profit

The Company's dividends are recognised as a liability in the Company's separate 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.

2.23 Revenue recognition**(a) Revenue from passenger transportation**

Revenue from passenger transportation is recognised in the separate 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. No 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)**2.23 Revenue recognition (continued)****(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.

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

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

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

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

(c) Revenue from charter flights

Revenue from charter flights is recognised in the separate 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 separate income statement on a straight-line basis over the term of the lease or using another calculation method if it is more appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.23 Revenue recognition (continued)****(e) Revenue from purchase right option**

Revenue from the purchase right option is recognised in the separate 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.

(f) Revenue from rendering of other services

Revenue from rendering of other services is recognised in the separate income statement of income 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.

(g) Interest income

Interest income is recognised on an earned basis.

(h) Dividend income

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

2.24 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.

2.25 Financial expenses

Financial expenses are expenses incurred in the year 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.

2.26 Selling expenses

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

2.27 General and administration expenses

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.28 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 year, except to the extent that the income tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity.

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 separate 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 separate 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.

2.29 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 Company, including holding companies, subsidiaries and associates are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company, 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 other related party, the Company considers the substance of the relationships not merely the legal form.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.30 Segment reporting**

A segment is a component which can be separated by the Company 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 Company’s business segment and the Company’s geographical segment.

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

2.31 Accounting estimates

The preparation of separate financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of separate 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 separate financial statements and the reported amounts of revenues and expenses during the financial year.

The areas involving significant estimates and assumptions are as follows:

- Estimated useful lives of fixed assets (Note 2.12); and
- Provision for maintenance cost and cost to make good on leased assets (Note 2.19 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 Company 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	13,959,607,017	13,359,045,071
Cash at banks	1,206,382,649,498	3,802,278,472,901
Cash equivalents (*)	1,675,468,651,277	1,540,178,637,380
	<u>2,895,810,907,792</u>	<u>5,355,816,155,352</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 Company had current and term deposit accounts with total balance of VND1,943 billion (as at 31 December 2019: VND3,275 billion) at Ho Chi Minh City Development Joint Stock Commercial Bank, a related party, at 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 Company sold the purchase right option of these 50 million shares to a related party with the amount of VND500 billion (Note 28), in which VND300 billion has been received.

4 INVESTMENTS (continued)

(b) Investments held-to-maturity

	2020		2019	
	Cost VND	Book value VND	Cost VND	Book value VND
i. Short-term				
- Corporate bonds	-	-	709,756,800,000	709,756,800,000
ii. Long-term				
- Term deposits	6,000,000,000	6,000,000,000	6,000,000,000	6,000,000,000
- Business co- operation contract	556,181,818	556,181,818	556,181,818	556,181,818
	<u>6,556,181,818</u>	<u>6,556,181,818</u>	<u>6,556,181,818</u>	<u>6,556,181,818</u>

Corporate bonds earned interest at the rate of 8.9% per annum for the year ended 31 December 2019. In January 2020, the Company transferred its ownership of these bonds to Vietnam Technology and Commercial Joint Stock Bank.

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4 INVESTMENTS (continued)

(c) Investments in other entities

	2020			2019		
	Ownership %	Cost VND	Provision VND	Ownership %	Cost VND	Provision VND
i. Investments in subsidiaries (*)						
Galaxy Pay Company Limited (i)	100	50,000,000,000	-	-	-	-
Vietjet Air Cargo Joint Stock Company	90	9,000,000,000	-	90	9,000,000,000	-
Vietjet Air IVB No. I Limited (ii)	100	-	-	100	-	-
Vietjet Air IVB No. II Limited (ii)	100	-	-	100	-	-
Vietjet Air Singapore Pte.Ltd.(ii)	100	-	-	100	-	-
Vietjet Air Ireland No. 1 Limited (ii)	100	-	-	100	-	-
		<u>9,000,000,000</u>	<u>-</u>		<u>9,000,000,000</u>	<u>-</u>
ii. Investments in associates (*)						
Thai Vietjet Air Joint Stock Co., Ltd. (ii) (iii)	9	-	-	9	-	-
Cam Ranh International Terminal Joint Stock Company (iv)	10	60,000,000,000	(17,729,140,292)	10	60,000,000,000	-
		<u>60,000,000,000</u>	<u>(17,729,140,292)</u>		<u>60,000,000,000</u>	<u>-</u>
iii. Investments in other entities (**)						
Sai Gon Ground Services Joint Stock Company	9.1	149,417,024,400	-	9.1	149,417,024,400	-
		<u>149,417,024,400</u>	<u>-</u>		<u>149,417,024,400</u>	<u>-</u>

(*) As at 31 December 2020 and 31 December 2019, the Company could not determine the fair value of these investments to disclose on the separate financial statements since it did not have sufficient information. The fair value of such investments may differ from their book values.

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

- (**) 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. As at 31 December 2020, the fair value of the investment in Sai Gon Ground Services Joint Stock Company is VND215,787,951,000 (as at 31 December 2019: VND272,413,158,000).
- (i) According to the Resolution dated 26 June 2020 of the Board of Directors, the Board of Directors approved the establishment of a subsidiary, Galaxy Pay Company Limited, whose principle activity is to provide intermediary payment services. The charter capital of this subsidiary is VND50 billion which has been fully contributed.
- (ii) As at 31 December 2020, the Company has not yet contributed capital in these subsidiaries and associates. These companies' operations are mainly financed by the Company.
- (iii) On 25 September 2018, the Company 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 separate financial statements, the involved parties were negotiating to increase the Company's ownership to 38% in 2022 or when the aviation market recovers after COVID-19.
- (iv) According to the Resolution dated 25 June 2020 of the Annual General Meeting of Shareholders of Cam Ranh International Terminal Joint Stock Company, the Company was 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 Company had 7.5 million shares in Cam Ranh International Terminal Joint Stock Company, equivalent to 10% of this company's charter capital.

5 SHORT-TERM TRADE ACCOUNTS RECEIVABLE

	2020 VND	2019 VND
Third parties		
Zhejiang Lixi International Travel Co., Ltd.	1,216,220,105,000	1,309,827,000,000
Hangzhou BaoLi Co., Ltd.	520,653,712,788	186,519,377,180
Others	210,797,454,506	760,553,837,752
	<u>1,947,671,272,294</u>	<u>2,256,900,214,932</u>
Related parties (Note 37(b))	1,991,451,378,557	1,077,286,879,360
	<u>3,939,122,650,851</u>	<u>3,334,187,094,292</u>

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

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	106,555,082,025	147,844,874,941
	<u>166,958,598,910</u>	<u>173,002,127,461</u>
Related parties (Note 37(b))	-	13,823,146,505
	<u>166,958,598,910</u>	<u>186,825,273,966</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	-
Purchase discounts from suppliers	689,174,934,689	-	187,968,684,950	-
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	2,567,578,082	-	8,556,268,493	-
Others	493,704,739,645	-	375,610,532,550	-
	<u>7,562,571,071,940</u>	-	<u>6,039,193,852,983</u>	-
Related parties (Note 37(b))	4,249,687,219,054	-	2,221,234,446,569	-
	<u>11,812,258,290,994</u>	-	<u>8,260,428,299,552</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 importing petroleum.

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	49,814,214,970	-	33,259,905,542	-
	<u>11,742,416,045,548</u>	<u>-</u>	<u>12,788,029,293,828</u>	<u>-</u>
Related parties (Note 37(b))	725,964,187,706	-	1,599,702,308,477	-
	<u>12,468,380,233,254</u>	<u>-</u>	<u>14,387,731,602,305</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>

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	1,806,992,941	3,250,033,702
	<u>212,726,834,066</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	123,550,583,976	114,854,388,316
Major inspection and overhaul expenditure	83,980,251,729	103,156,115,556
Others	38,792,040,942	-
	<u>4,989,326,306,905</u>	<u>6,591,074,767,201</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	-	6,591,074,767,201
Increase	808,937,001,247	56,655,038,270	73,016,118,530	129,802,638,425	42,931,219,564	1,111,342,016,036
Allocation	(424,331,739,105)	(83,014,775,913)	(92,191,982,357)	(121,106,442,765)	(4,139,178,622)	(724,784,118,762)
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	123,550,583,976	38,792,040,942	4,989,326,306,905

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10	FIXED ASSETS	Aircraft and components VND	Machinery and equipment VND	Motor vehicles VND	Office equipment VND	Total VND
	Historical cost					
	As at 1 January 2020	1,617,393,753,474	24,440,975,624	19,839,021,566	25,447,116,476	1,687,120,867,140
	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)	-	-	-	(1,343,610,388,704)
	As at 31 December 2020	896,813,994,227	102,504,743,597	67,293,981,762	56,002,812,978	1,122,615,532,564
	Accumulated depreciation					
	As at 1 January 2020	333,494,428,740	20,999,519,620	16,021,746,370	15,567,080,571	386,082,775,301
	Charge for the year	123,563,796,627	6,822,011,316	3,732,411,089	6,042,357,382	140,160,576,414
	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	21,609,437,953	274,130,875,712
	Net book value					
	As at 1 January 2020	1,283,899,324,734	3,441,456,004	3,817,275,196	9,880,035,905	1,301,038,091,839
	As at 31 December 2020	691,868,244,863	74,683,212,661	47,539,824,303	34,393,375,025	848,484,656,852

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

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 Company (Note 19(b)(i)).

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 and 31 December 2020	29,907,717,155
Accumulated amortisation	
As at 1 January 2020	27,785,412,872
Charge for the year	1,089,807,983
As at 31 December 2020	28,875,220,855
Net book value	
As at 1 January 2020	2,122,304,283
As at 31 December 2020	1,032,496,300

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	130,931,026,091	716,940,814,342
Aviation Technology Research and Training Centre	561,430,982,449	524,205,333,744
Others	1,410,527,366	17,192,569,005
	<u>693,772,535,906</u>	<u>1,258,338,717,091</u>

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

	2020 VND	2019 VND
Beginning of year	1,258,338,717,091	1,175,977,845,586
Purchases	293,743,925,297	954,258,313,618
Transfers to tangible fixed assets (Note 10(a))	(778,062,904,128)	(553,403,497,996)
Other movements	(80,247,202,354)	(118,470,333,327)
Disposals	-	(200,023,610,790)
End of year	<u>693,772,535,906</u>	<u>1,258,338,717,091</u>

12 LONG-TERM LENDING

Borrower	Annual Interest rate	Year of maturity	31.12.2020 VND	31.12.2019 VND
Cong Hoa Commercial Investment Joint Stock Company (formerly known as Thuy Duong - Duc Binh Commercial Joint Stock Company)	9%	2022	-	<u>701,500,000,000</u>

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 37(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	2,367,740,421,075	2,367,740,421,075	913,181,430,200	913,181,430,200
	<u>3,281,719,384,770</u>	<u>3,281,719,384,770</u>	<u>1,885,805,593,712</u>	<u>1,885,805,593,712</u>
Related parties (Note 37(b))				
	<u>126,310,391,739</u>	<u>126,310,391,739</u>	<u>2,613,464,691</u>	<u>2,613,464,691</u>
	<u>3,408,029,776,509</u>	<u>3,408,029,776,509</u>	<u>1,888,419,058,403</u>	<u>1,888,419,058,403</u>

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14 TAX AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE

Movements in tax and other 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/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					
BIT	376,135,551,438	-	(237,350,686,663)	-	138,784,864,775
Personal income tax	53,753,900,273	138,288,378,557	(138,277,676,409)	-	53,764,602,421
Value Added Tax	30,573,052,465	898,320,027,193	(825,004,657,469)	-	103,888,422,189
Foreign contractor tax	8,086,238,021	34,745,065,803	(8,037,405,870)	(34,793,897,954)	-
Other tax	-	7,078,476	(7,078,476)	-	-
	468,548,742,197	1,071,360,550,029	(1,208,677,504,887)	(34,793,897,954)	296,437,889,385

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15 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	413,511,849,875	363,719,408,945
	<u>732,699,391,305</u>	<u>668,315,195,942</u>
Related parties (Note 37(b))	81,296,866,779	57,266,259,534
	<u>813,996,258,084</u>	<u>725,581,455,476</u>

16 SHORT-TERM ACCRUED EXPENSES

	2020 VND	2019 VND
Aircraft related expenses	551,730,986,548	986,211,166,192
Maintenance	156,345,907,814	16,817,771,642
Interest expense	57,690,338,836	37,953,919,036
Accrued bonus	-	51,909,567,372
Others	86,171,207,159	35,175,395,769
	<u>851,938,440,357</u>	<u>1,128,067,820,011</u>

17 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>

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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	81,274,009,737	19,716,257,257
	<u>778,623,756,769</u>	<u>1,237,840,360,171</u>
Related parties (Note 37(b))	5,212,576,736,321	3,922,613,675,300
	<u>5,991,200,493,090</u>	<u>5,160,454,035,471</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 37(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 borrowing were secured by the estimated receivables arising from the Company'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 borrowing'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 Company's tangible fixed assets with the carrying amount as follows:

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

(ii) Straight bonds

Terms and conditions of long-term straight 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.

19 BORROWINGS (continued)**(b) Long-term (continued)****(ii) Straight bonds (continue)**

(**) 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	2,169,914,416,258
Deferred tax assets to be recovered within 12 months	382,643,540,574	404,998,262,164
	<u>2,651,055,824,431</u>	<u>2,574,912,678,422</u>
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after more than 12 months	2,353,904,244,611	2,538,820,451,115
Deferred tax liabilities to be recovered within 12 months	364,976,354,963	430,537,167,277
	<u>2,718,880,599,574</u>	<u>2,969,357,618,392</u>
Net-off	<u>(2,651,055,824,431)</u>	<u>(2,574,912,678,422)</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 33)	(326,620,164,827)	19,657,013,840
End of year	<u>67,824,775,143</u>	<u>394,444,939,970</u>

The Company uses tax rate of 20% in the year 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 Company's tax losses of 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 separate 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 Company. Shareholders are entitled to receive dividend as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets. In respect of shares bought back by the Company, all rights are suspended until those shares are reissued.

VIETJET AVIATION JOINT STOCK COMPANY

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23 MOVEMENTS IN OWNERS' EQUITY

	Owners' capital VND	Share premium VND	Treasury shares VND	Undistributed earnings VND	Total VND
As at 1 January 2019	5,416,113,340,000	245,949,492,805	-	597,574,322,371	6,259,637,155,176
Net profit for the year	-	-	-	3,108,642,894,811	3,108,642,894,811
Dividends distribution (Note 24)	-	-	-	(541,611,334,000)	(541,611,334,000)
Repurchase of treasury shares	-	-	(2,347,121,362,620)	-	(2,347,121,362,620)
As at 31 December 2019	5,416,113,340,000	245,949,492,805	(2,347,121,362,620)	3,164,605,883,182	6,479,547,353,367
Net loss for the year	-	-	-	(1,453,007,077,319)	(1,453,007,077,319)
As at 31 December 2020	5,416,113,340,000	245,949,492,805	(2,347,121,362,620)	1,711,598,805,863	5,026,540,276,048

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)
	<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 Company approved the share dividends to its existing shareholders at the rate of 50% on the total par value of existing shares in circulation.

25 OFF SEPARATE BALANCE SHEET ITEMS**(a) Foreign currencies**

	2020	2019
USD	10,586,270	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 38(a).

26 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	6,154,388,857,873	11,339,551,722,106
- Non-regular charter flights and aircraft wet leases	122,592,580,751	460,526,968,412
	<u>13,596,077,075,019</u>	<u>37,244,974,854,563</u>
Aircraft dry leases	1,002,674,889,306	725,928,406,615
Assignment fees for aircraft trading	174,750,000,000	2,406,825,000,000
Financing arrangement services	-	257,087,354,694
Other revenue	429,543,775,139	617,540,556,187
	<u>15,203,045,739,464</u>	<u>41,252,356,172,059</u>

27 COST OF GOODS SOLD AND SERVICES RENDERED

	2020	2019
	VND	VND
Flight operation expenses	14,811,581,212,419	29,635,744,064,711
Ground operation expenses	1,191,515,678,112	2,906,662,979,740
Technical expenses	1,948,532,113,824	3,168,967,508,499
Safety, security, quality and assurance expenses	47,971,024,392	56,837,082,645
Cargo expenses	63,496,784,092	49,013,933,485
Reversal of provision for liabilities (*)	(1,445,196,940,370)	-
Others	516,587,200,044	873,296,963,196
	<u>17,134,487,072,513</u>	<u>36,690,522,532,276</u>

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

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28 FINANCIAL INCOME

	2020 VND	2019 VND
Income from sales of purchase right option of shares (Note 4(a))	500,000,000,000	-
Interest income from deposits and lending	344,586,105,535	538,876,600,525
Realised foreign exchange gains	85,151,510,748	174,918,575,869
Net gain from foreign currency translation at period-end	-	43,926,035,073
Dividend income (Note 37(a)(vi))	33,837,497,103	867,681,380,532
Others	10,144,304,697	48,856,982
	<u>973,719,418,083</u>	<u>1,625,451,448,981</u>

29 FINANCIAL EXPENSES

	2020 VND	2019 VND
Interest expense	452,572,729,500	351,417,652,590
Realised foreign exchange losses	47,069,540,707	62,601,215,302
Unwinding discount of provisions	53,550,541,007	229,491,749,908
Net loss from foreign currency translation at period-end	30,924,959,777	-
(Reversal of provision)/provision for diminution in value of trading securities and long-term investment	(147,270,859,708)	380,500,000,000
	<u>436,846,911,283</u>	<u>1,024,010,617,800</u>

30 SELLING EXPENSES

	2020 VND	2019 VND
Advertising and marketing expenses	372,588,971,625	373,894,513,879
Sales commissions	359,787,338,473	654,460,911,614
Staff costs	89,798,561,670	124,839,787,424
Depreciation and amortisation	215,345,127	274,249,597
Others	12,110,974,326	11,206,804,425
	<u>834,501,191,221</u>	<u>1,164,676,266,939</u>

31 GENERAL AND ADMINISTRATION EXPENSES

	2020 VND	2019 VND
Staff costs	167,297,915,763	198,732,435,690
External service expenses	109,926,094,814	144,854,198,826
Rental	31,392,783,399	43,074,450,943
Depreciation and amortisation	6,063,268,816	2,598,285,960
Others	53,195,688,040	32,797,754,164
	<u>367,875,750,832</u>	<u>422,057,125,583</u>

32 OTHER INCOME AND OTHER EXPENSES

	2020 VND	2019 VND
Other income		
Income from transferring project (*)	793,160,000,000	265,522,141,962
Others	31,868,045,439	26,782,676,145
	<u>825,028,045,439</u>	<u>292,304,818,107</u>
Other expenses		
Others	(7,709,519,283)	(342,823,079)
Net other income	<u>817,318,526,156</u>	<u>291,961,995,028</u>

(*) This relates to the transfer of the Company's rights to lease and to operate Vietjet Plaza Building to a related party, in which VND400 billion has been received (Note 37(a)(vi)). Accordingly, the Company has liquidated the lease contract of Vietjet Plaza Building signed with Truong Son Plaza Joint Stock Company (formerly known as Vietjet Plaza Joint Stock Company).

33 BUSINESS INCOME TAX (“BIT”)

For public passenger 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.

The BIT on the Company’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	(1,779,627,242,146)	3,868,503,073,470
Tax calculated at a rate of 20%	(355,925,448,429)	773,700,614,694
Effect of:		
Expenses not deductible for tax purposes	36,072,783,023	2,806,854,404
Utilisation of previously unrecognised tax losses	-	(14,580,763,239)
Income not subject to tax	(6,767,499,421)	(2,066,527,200)
BIT charge (*)	<u>(326,620,164,827)</u>	<u>759,860,178,659</u>
Charged/(credited) to the income statement:		
BIT – current	-	740,203,164,819
BIT – deferred (Note 21)	(326,620,164,827)	19,657,013,840
	<u>(326,620,164,827)</u>	<u>759,860,178,659</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.

34 COSTS OF OPERATION BY FACTOR

Costs of operation by factor represents all costs incurred during the year from the Company’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
Staff costs	2,785,929,193,089	4,762,450,309,981
Depreciation and amortisation	141,250,384,397	174,849,307,557
External service expenses	9,630,682,402,738	15,611,031,608,501
Others	233,359,996,693	2,690,215,310,784
	<u>18,336,864,014,566</u>	<u>38,277,255,924,798</u>

35 SEGMENT REPORTING

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

(a) Business segments

For management purpose, the Company has one reportable business segment which is to provide passenger and cargo transportation services, ancillary services, aircraft leasing and in-flight advertising (referred to as "aviation services").

Except as indicated above, the Company 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 26 and Note 27 to the separate financial statements. All the Company'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 Company's revenue is presented by geographical areas (by country of destination) as follows:

	2020 VND	2020 VND
In Vietnam	9,226,682,948,573	16,629,434,191,425
Outside Vietnam	5,976,362,790,891	24,622,921,980,634
	<u>15,203,045,739,464</u>	<u>41,252,356,172,059</u>

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

36 ADDITIONAL INFORMATION ON CERTAIN ITEMS OF THE SEPARATE CASH FLOW STATEMENT

Non-cash transactions affecting the separate cash flow statement

	2020 VND	2019 VND
Purchase of fixed assets and other long-term assets that have not been settled	-	296,447,864,777
Net-off proceeds from disposal of fixed assets and construction in progress with other payables	1,171,745,115,055	959,296,320,310
Net-off dividend income with other payables	-	857,348,744,532
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	66,561,660,000

37 RELATED PARTY DISCLOSURES

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

Related parties	Relationship
Sovico Holdings Company	Major shareholder
Ho Chi Minh City Development Joint Stock Commercial Bank	Major shareholder
Vietjet Air IVB No. I Limited	Subsidiary
Vietjet Air IVB No. II Limited	Subsidiary
Vietjet Air Ireland No. I Limited	Subsidiary
Vietjet Air Singapore Pte. Ltd.	Subsidiary
Vietjet Air Cargo Joint Stock Company	Subsidiary
Galaxy Pay Company Limited	Subsidiary
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 (formerly known as 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 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

37 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		
Subsidiary	909,891,075,987	657,633,346,615
Associate	68,437,964,460	68,295,060,000
Other related party	24,345,848,859	-
	<u>1,002,674,889,306</u>	<u>725,928,406,615</u>
ii) Assignment fees for purchase right option		
Subsidiary	<u>174,750,000,000</u>	<u>559,632,000,000</u>
iii) Cargo activity		
Subsidiary:		
- Revenue	656,335,080,513	929,826,666,157
- Commission expenses	<u>79,656,822,793</u>	<u>177,165,352,514</u>
iv) Revenue from other services		
Subsidiaries	565,324,200,000	257,087,354,694
Associate	175,002,070,685	161,689,180,401
	<u>740,326,270,685</u>	<u>418,776,535,095</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>

37 RELATED PARTY DISCLOSURES (continued)

(a) Related party transactions (continued)

	2020 VND	2019 VND
vi) Investing activities		
<i>Interest income</i>		
Major shareholder	27,793,574,843	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>274,791,656,874</u>	<u>402,015,984,889</u>
<i>Dividend income (Note 28)</i>		
Subsidiaries	16,465,853,103	857,348,744,532
Associate	11,250,000,000	7,500,000,000
Other related parties	6,121,644,000	2,832,636,000
	<u>33,837,497,103</u>	<u>867,681,380,532</u>
<i>Term deposits and certificate of deposits</i>		
Major shareholder	5,885,000,000,000	8,306,000,000,000
<i>Income from sale of purchase right option of trading securities</i>		
Income from sale of purchase right option	500,000,000,000	-
Payments 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 32)</i>		
Income from transfer of the commercial right	793,160,000,000	-
Payments received	400,000,000,000	-
	<u>1,193,160,000,000</u>	<u>-</u>
<i>Disposal of right and obligation of a real estate 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 COMMITMENTS**(a) Commitments under operating leases***(i) The Company 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	7,175,642,702,279
Between one and five years	28,258,167,505,305	26,632,618,755,628
Over five years	24,551,317,111,601	28,804,407,584,591
Total minimum payments	<u>60,105,041,726,714</u>	<u>62,612,669,042,498</u>

(ii) The Company as a lessor

The Company 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	785,114,095,405
Between one and five years	3,525,160,217,707	2,794,759,136,621
Over five years	1,528,098,437,383	1,837,502,373,770
Total minimum receipts	<u>6,311,495,025,553</u>	<u>5,417,375,605,796</u>

(b) Other commitments

The Company signed an agreement and related amendments with Airbus S.A.S to purchase 186 aircraft. As at 31 December 2020, the Company has received 64 aircraft, the remaining aircraft are scheduled to deliver to the Company until 2026. To power these aircraft, the Company 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 Company'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 Company signed an agreement with Honeywell Aviation Services to purchase 98 auxiliary power units for Airbus aircraft. This agreement runs through 2022 and includes maintenance services for 12 years.

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

The Company 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 Company'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 these separate financial statements, the Company and Boeing Company were in the process of negotiation on the implementation of certain terms in this agreement.

39 EVENTS AFTER THE SEPARATE BALANCE SHEET DATE

Pursuant to the Resolution dated 28 September 2020 of the Board of Directors, the Board of Directors approved the decision to purchase shares of Swift 247 Company Limited which would merge with VietjetAir Cargo Joint Stock Company. Such purchase of shares and merger will be executed in 2021. As at the date of these separate 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 Company completed the sale of 17,772,740 treasury shares in April 2021.

40 COMPARATIVE FIGURES

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

The separate 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