



# MARCHING ON

ANNUAL REPORT 2020





# MARCHING ON

In 2020, HSC accomplished our dual goal – to keep our employees safe and to deliver our business targets. The executive team and employees across levels are strongly confident in our ability to grow HSC sustainably and to create substantial values to our clients and shareholders and to make impactful contributions to communities in 2021 and beyond.

## TABLE OF CONTENTS

### 04 CEO MESSAGE TO SHAREHOLDERS

### 09 ABOUT HSC

- 10 Financial highlights
- 12 Vision - Mission - Core values
- 14 HSC's businesses
- 16 Corporate milestones
- 18 Awards & Accolades
- 21 Organization structure
- 22 Board of Directors
- 24 Board of Supervisors
- 25 Board of Management
- 28 Shareholders' information

### 32 BUSINESS PERFORMANCE

- 34 Macroeconomic review
- 35 Vietnam's securities market review
- 39 HSC's Performance review
- 48 Operating expenses
- 49 Balance sheet
- 50 Key ratios

### 52 OPERATIONS

### 58 RISK MANAGEMENT

- 60 Business continuity plan (BCP)
- 61 Risk management new normal
- 63 Internal audit

### 64 SUSTAINABILITY

- 66 Introduction
- 68 Sustainability report in 2020
- 78 Report of the Board of Directors
- 96 Report of Supervisory Board 2020

### 100 FINANCIAL STATEMENTS 2020

### 170 HSC'S NETWORK

#### INTERACTIVE PDF

This report is presented in interactive PDF format: Readers can navigate to chapter in the report quickly or move to related websites.

#### Website link:

[www.hsc.com.vn/investor/annual-report](http://www.hsc.com.vn/investor/annual-report)

#### FORMAT VERSION

This report is announced in both print electronic version



*This annual report is available for download for our websites.*

## CEO MESSAGE TO SHAREHOLDERS



**TRINH HOAI GIANG**  
Chief Executive Officer

I am proud of the solid foundation that HSC has been successfully built. Underpinned by that foundation, I strongly believe in our ability to overcome all roadblocks in our sustainable development path to create substantial values to our clients and shareholders and make impactful contributions to communities.

### Dear Shareholders,

2020 has been an eventful year as the Covid-19 pandemic caused widespread and severe impacts to our socio-economic and daily lives. The Vietnamese Government's great efforts to contain the virus coupled with support from the population was well rewarded as Vietnam achieved two important goals in the year – keeping community safe and delivering economic growth. Vietnam consequently found

international acclaim and attracted attentions from global investors, institutions, and governments as well, positioning the country for strong growth in the coming years.

Like our Government, my colleagues and I also set a dual-goal for 2020: (1) to keep all HSC employees and their families safe and (2) to deliver the business targets set out for us by the Annual General Shareholder Meeting in April 2020. Thanks to the full support and unwavering commitments of our people at all levels, to our strong work ethics even during the time of social distancing and disruption, we were able to achieve great results, which I am proud to share with you as follows;

Our client-centric strategy was adopted in 2019 and intensively implemented across our businesses in 2020. At HSC, our approach is dead simple: if we serve our clients the way we want to be served, our clients will always choose HSC as their trusted partner. We apply this approach to our daily business conducts, from operations to delivery of our products and services, and developments, of processes and systems. That simple yet effective approach resulted in impressive growths in 2020:

#### TOTAL ASSETS

**VND12,489 billion** +67%

#### REVENUE

**VND1,591 billion** +26%

#### PROFIT BEFORE TAX

**VND660 billion** +24%

#### EARNINGS PER SHARE (EPS)

**VND1,738** +9%

- Total assets reached VND12,489 billion, 67% higher than 2019 and 173% higher than plan.
- Total revenue was VND1,591 billion, 26% growth YoY and 123% above plan.
- Profit before tax was VND660 billion, higher than both last year and plan by 24% and 116%, respectively.
- HSC came 2nd in stock brokerage market share in HSX, 2nd derivatives market share, and most notably, took 1st place in market share in term of value of covered warrants issued at 33%.

Despite challenges in the socio-economic conditions, the stock market rebound most impressively in 2020, with the VN-Index gaining 14.9%, the daily average trading value increasing 59.3% YoY, and the number of new investors breaking all records. The buoyant stock market obviously contributed to our strong performance in 2020. But more importantly, I wish to call your attention to the strategic initiatives highlighted below, that we, as a team, have successfully implemented in the year that laid out strong foundation for sustainable growth and deliver value to our Shareholders

#### Complete overhaul of the Private Client Division's business model

Retail brokerage has long been a major business of ours, generating revenues from service fee and interest from margin lending. In 2020, we segmented our retail clients into two groups: high net-worth clients (HNI) and mass clients.

• *The HNI client segment:* we focused on transformed our traditional securities services model into wealth management model. We have been able to leverage our strong reputation, solid financial capabilities, the synergistic co-ordination amongst major our businesses, namely – Retail Clients, Institutional Clients, Corporate Finance Advisory, – and our selected and highly qualified wealth management executive team, to develop a strong big HNI client base and offer them comprehensive wealth management solutions. Those efforts resulted in a high level of client satisfaction and trust which consequently made HSC the go-to partner of choice of big for the HNI clients.

• *The mass client segment:* we developed a self-service digital platform. The Covid-19 pandemic changed

## CEO MESSAGE TO SHAREHOLDERS (CONTINUED)

customer behaviors, accelerating the adoption of online services by mass clients, who prefer to access to our products and services online instead of visiting physical transaction offices for convenience and speed of services. By mid 2019, we had already formed project team to develop a digital service and trading platform called myhsc. In 2020 we completed the first version of the platform and put it through trial use of selective clients. Myhsc platform will help us enhance our client experience, improve effectiveness and minimize our operational costs, thus allowing us to offer competitive prices for the mass clients. This is in line with the zero fee trend observed both globally and in Vietnam.

### Redesign our service model, bringing to life our consistent pursuit of the client-centric philosophy

Previously, our client service model was broken up by traditional business functions causing inconsistent client experiences and exposing our operation to capacity risks when trading volume increased. In 2020, we successfully introduced the "one door" model as we opened our first Client Center located on the second floor of AB Tower, 76 Le Lai, District 1, HCMC. Clients coming to the elegantly designed Center are welcome and serviced by Client Service Representative, who is professionally trained and capable of handling all client needs quickly and efficiently. Work flows are redesigned to run smoothly and logically from the Client Service Representatives, who receive inquiries, to the Control, Transaction Management, and Securities Service Management functions. All processes are automated to improve processing capacity and mitigating operational risks.

### Building a solid foundation to digitalize our services and trading platform using in-house technological capabilities

As aforementioned, we have successfully built the first version of our digital service and trading platform myhsc. ready for mass launch by the end of 1Q 2021. Unlike its predecessor, which was provided by a foreign vendor, this platform was developed in-house by our own HSC staff. Despite multiple challenges during the development process, our people, with their intensive knowledge and experience and strong desire for success, were able to overcome all

roadblocks to make myhsc a leading digital platform in the market. At HSC, technology has always been one of our core competences, and we will continue to invest in our people and system to further solidify our competitive edge.

### Continuous improvements of risk management policies and practices

In 2020, the market trading value went through the roof, and with it, demand for margin loans. At several times, HSC's margin loan balance rose close to limits. While pursuing growth opportunities, we persistently adhere to our golden rules to preserve capital for our clients, shareholders and ourselves. Therefore, we regularly review and adjust our risk management policies towards global best practices. Our risk management framework comprehensively covers all risks that HSC's businesses might face including credit risk, operational risk, market risk and human resource risk and includes different lines of defense. I strongly believe that our endless efforts in this regard will make HSC the most trusted financial institution in the industry.

### Effective planning and execution of business continuity plan (BCP) amidst Covid-19

From the onset of the pandemic, we have formed the Covid-19 taskforce and took necessary precautionary measures to keep our employees safe and ensure our business continuity. A detailed BCP was outlined with specific roles and responsibilities of people involved and with various scenarios simulating different levels of infection escalation. The BCP has been delivering its expected outcomes. As the pandemic is still not completely curbed, we continue to stay vigilant and make our BCP even more effective to mitigate risks of disruptions, contributing to the sustainable growth plan of HSC.

Business operations asides, HSC also promotes ESG initiatives. In 2020, we continued to produce Sustainable Development Report adopting the global best practices. The report highlighted the three pillars of HSC's sustainable development plan: Environmental, Social and Corporate Governance. In our action plans, we clearly identify all impacted stakeholders including clients, employees,

shareholders and investors, communities and regulators. We deeply understand the importance of alignment of interests of those stakeholders to our sustainable growth.

Our achievements in 2020 solidify our foundation for business growth in 2021 and beyond. We will persistently pursue our client-centric philosophy and accordingly will continue to optimize the implemented initiatives and introduce new ones to better serve increasing client demands. I am proud of our successes in creating a trusted brand, our financial strengths, robust risk management, as well as our human capital and technological capabilities. Upon those firm foundation, HSC will and can overcome challenges in our sustainable development path to create highest values to our clients and shareholders and make impactful contributions to communities.

On behalf of my colleagues at HSC, I sincerely thank all shareholders for the trust you have placed in us and I look forward to your continued support in our future.

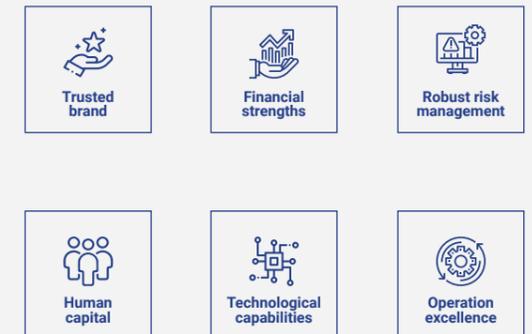
I wish you good health and prosperity.

Yours sincerely,



**Trinh Hoai Giang**  
Chief Executive Officer

### HSC's foundations





# ABOUT HSC

## FINANCIAL HIGHLIGHTS

	2016	2017	2018	2019	2020	CAGR in 5 years
<b>Statement of income (VND million)</b>						
<b>Revenue</b>		<b>1,381,633</b>	<b>1,702,011</b>	<b>1,262,261</b>	<b>1,591,732</b>	<b>23%</b>
In which:						
- Brokerage fees	348,957	601,942	758,849	482.482 (***)	621,464	
- Margin lending	343,657	439,219	523,064	508.242 (***)	549,942	
- Principal investment (*)	81,260	269,839	278,344	206.001 (***)	369,389	
- Financial advisory services	24,602	45,179	119,217	53,628	37,741	
- Other revenues	8,004	25,455	22,536	11,908	13,196	
<b>Operating expenses</b>	<b>421,886</b>	<b>689,310</b>	<b>859,927</b>	<b>730,950</b>	<b>931,518</b>	
<b>Net profit from operating activities</b>	<b>384,594</b>	<b>692,323</b>	<b>842,083</b>	<b>531,311</b>	<b>660,214</b>	
<b>Profit before tax</b>	<b>385,383</b>	<b>692,601</b>	<b>842,186</b>	<b>531,406</b>	<b>660,305</b>	
<b>Profit after tax</b>	<b>304,531</b>	<b>554,059</b>	<b>675,480</b>	<b>432,565</b>	<b>530,452</b>	<b>20%</b>
<b>Balance sheet (VND million)</b>						
Total assets	3,616,842	6,680,572	5,256,305	7,488,679	12,488,828	28%
Charter capital	1,272,568	1,297,568	1,297,568	3,058,823	3,058,823	19%
Shareholders' equity	2,391,917	2,791,161	3,060,536	4,304,143	4,440,355	14%
<b>Financial indicators</b>						
Return on average assets (ROAA)	9.1%	10.8%	11.3%	6.8%	5.3%	-1%
Return on average equity (ROAE)	13.0%	21.4%	23.1%	11.7%	12.1%	6%
<b>Equity's value</b>						
Outstanding shares	127,155,368	129,570,368	129,554,168	305,516,173	305,041,845	19%
Basic earnings per share - VND	2,395	4,289	5,214	1,596	1,738	1%
Book value per common share - VND	18,811	21,542	23,624	14,088	14,557	-4%
Dividend - VND (**)	1,700	2,100	2,500	1,200	1,200	-3%
Market price at year end - VND	28,000	60,100	46,850	21,350	31,400	0%
P/E	11.7	14.0	9.0	13.4	18.1	0%

(\*) Gains and losses arising from proprietary investments were netted off for comparative purposes

(\*\*) Estimated for Y2020 and subject for final approval

(\*\*\*) Figures are reclassified to match the 2020 interpretation

### Revenue (VND Million)

2016	806,480
2017	1,381,633
2018	1,702,011
2019	1,262,261
2020	1,591,732

### Profit After Tax (VND Million)

2016	304,531
2017	554,059
2018	675,480
2019	432,565
2020	530,452

### Book Value Per Common Share (VND)

2016	18,811
2017	21,542
2018	23,624
2019	14,088
2020	14,557

### Basic Earnings Per Share (VND)

2016	2,395
2017	4,289
2018	5,214
2019	1,596
2020	1,738

### Total Assets (VND Million)

2016	3,616,842
2017	6,680,572
2018	5,256,305
2019	7,488,679
2020	12,488,828

### Shareholders' Equity (VND Million)

2016	2,391,917
2017	2,791,161
2018	3,060,536
2019	4,304,143
2020	4,440,355

## VISION - MISSION - CORE VALUES



### VISION

To become one of the country's most admired, trusted, and valued financial institution, and be an active contributor to the economy and community of Vietnam.

### MISSION

Being a leading securities company in the industry and Vietnam's capital markets with the standards of professionalism, innovation, financial strength and sustainability.

### CORE VALUES



#### INTEGRITY

We act with integrity in every business decision and daily operation.



#### POSITIVITY

We demonstrate good intention with respectful manner in our interaction with others.



#### DEDICATION

We are committed to providing excellent service to all stakeholders.



#### PARTNERSHIP

We build trusting partnerships by displaying empathy and providing collaborative support to one another.



#### PROFESSIONALISM

We innovate and continuously improve our capabilities as a leader in capital markets.

## HSC'S BUSINESSES

# 1

### BROKERAGE & SALES



#### Securities Services

- Opening of trading accounts
- Brokerage: Equity, Fixed Income, Derivatives, Covered Warrant, ETFs
- Advisory
- Account management
- Cash transaction
- Securities depository
- Fund certificates distribution
- Shareholder Book management
- Managed Account
- IPO auction agent
- Corporate bond distribution

#### Financial Services

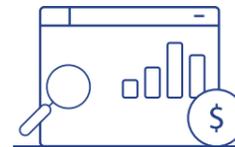
- Margin lending
- Cash advances
- Government bond brokerage, auction & repo
- Short-term funding for buying government bond

#### Trading Services

- Web trading
- Mobile trading
- DMA & STP
- FIX
- OMGEO
- Contact center
- SMS

# 3

### RESEARCH



#### Coverage

- Companies
- Sectors
- Economics
- Fixed income
- Strategy
- Technical analysis

#### Full Access

- Analyst calls
- Working models
- Corporate access

# 2

### INVESTMENT BANKING



#### Corporate Finance Advisory

- Equitization
- Divesting the State's interest in SOEs
- Enterprise valuation
- Financial Restructuring
- Public company registration
- Listing and Initial Public Offering (IPO) advisory

#### Merger & Acquisition (M&A) Advisory

#### Capital Raising in Domestic and International Capital Market

- Stocks issuance and underwriting
- Bond & derivatives issuance via public offering or private placement
- Financial restructuring
- Listing and Initial Public Offering (IPO) advisory

# 4

### PRINCIPAL INVESTMENT



#### Proprietary Investment

- Fixed income
- Equity
- Futures
- Covered warrant
- Structured products

#### Market Making

## CORPORATE MILESTONES

Since its inception in 2003, HSC has steadily grown in size and capital base to become one of the leading securities and financial services firms in Vietnam.

### 2003

- Initiated operations after receiving Certificate of Business (Registration No. 4103001573) from Department of Planning and Investment of HCMC on April 23, 2003 and Business Permit No.11/SSC-GPHDKD from State Securities Commission on April 29, 2003.
- Launched operations with an initial capital of VND 50 billion, one of the largest capital bases within the securities sector in Vietnam at the time.

### 2007

- Increased charter capital to VND 200 billion.
- Established the Hanoi branch at 6 Le Thanh Tong, Hoan Kiem District.
- Issued shares for strategic shareholders HDBANK and FIDICO.

### 2008

- Increased charter capital to VND 395 billion.
- Launched the Call Center PBX support system and VITrade system to facilitate Internet trading.
- Established Hau Giang transaction office in HCMC.

### 2006

- Increased charter capital to VND 100 billion.
- Relocated headquarters and transaction office to Capital Place Building, 6 Thai Van Lung Street, District 1, HCMC.

### 2009

- Officially listed on Ho Chi Minh City Stock Exchange under stock ticker HCM.
- Upgraded internet trading platform (VI-Trade system) and launched VIP-Trade, an advanced version of VI-Trade allowing real-time transactions.
- Established Lang Ha transaction office in Hanoi.

### 2010

- Increased charter capital to VND 600 billion.
- Established 4 transaction offices: Tran Hung Dao, 3 Thang 2 in HCMC and Ba Trieu, Kim Lien in Hanoi.

### 2011

- Increased charter capital to over VND 998 billion.
- Relocated head office and IT Data Center to new corporate headquarters at AB Tower, 76 Le Lai, District 1, HCMC.

### 2012

- Increased charter capital to over VND 1,008 billion.
- Established Cho Lon transaction office in HCMC.
- Officially launched direct connections to both Bloomberg and Reuters networks by FIX (Financial Information Exchange) - standard electronic protocol for pre-trade communications and trade executions.

### 2013

- Increased charter capital to over VND 1,273 billion.
- Obtained certification of ISO/IEC 27001:2005 standard for "Providing online trading and brokerage services" from TUV Rheinland (Germany).

### 2014

- Launched new website with interactive web design and online trading application on iPad - HSC Trade Pro.
- Received Certificate of Merit from Ministry of Finance for significant contribution to HNX's development from 2009 - 2014.

### 2015

- Established Nguyen Van Troi transaction office in HCMC and Lang Ha transaction office in Hanoi.
- Received Certificate of Merit from The Prime Minister of Vietnam for significant contributions to securities market development from 2010 - 2014.
- Received Certificate of Merit from The Chairman of Ho Chi Minh City People's Committee for significantly contributing to the long-term development goals of HCMC.

### 2016

- Launched HSC iTrade: a breakthrough web-based platform based on smart trading applications.
- Received Certificate of Merit from The Ministry of Finance for significant contributions to securities market development and contributing to economic -social development.

### 2017

- Launched HSC Trade on Android, fulfilled HSC's trading channels on mobile devices: Web, Android, iOS.
- Extended foreign ownership limit (FOL) to 100% charter capital from May 19, 2017.
- Participated as a pioneer in the inauguration of Vietnam Derivatives Market, marking a milestone in the development of Vietnam's securities market.
- Successfully issued VND 800 million corporate bond.

### 2018

- Launched an online customer brokerage channel: [www.online.hsc.com.vn](http://www.online.hsc.com.vn) along with a fanpage: "Smart Money - Dòng tiền Thông minh" (<https://www.facebook.com/hscdongtienthongminh/>) provides training courses and practical advisory to customers.
- Opened the Nam Sai Gon Transaction Office .
- Successfully organized the Emerging Vietnam 2018 Conference which is considered as a bridge between more than 40 leading companies in Vietnam and 200 international investors.

### 2019

- Increased charter capital to VND 3,058 billion.
- Bond.hsc.com.vn was launched as new digital trading platform for bond's investors.
- **Mr. Trinh Hoai Giang – Deputy CEO was appointed to the position of Chief Executive Officer.**

### 2020

- HSC was one of three first Authorized-Participant of Vietnam local ETF VFMVN30 DIAMOND.
- Launched eKYC – electronically verifying the authenticity of the client – which allows HSC's client to open accounts online.
- Launched [myhsc.com.vn](http://myhsc.com.vn) – an integrated digital platform that supports investors to trade all financial products in one application.
- Launched Customer Service Center at 2nd floor of AB Tower

## AWARDS & ACCOLADES

### 2012



- “Best Brokerage House in Vietnam 2012”, at the Triple A Country Awards 2012, awarded by The Asset magazine.
- “Best Local Brokerage in Vietnam” and 21 other major accolades in Asiamoney Brokers Poll 2012.
- “Platinum Award for Annual Report in Financial - Capital Markets” and 6 other accolades at LACP 2012 Vision Awards by League of American Communications Professionals (LACP).
- “Vietnam’s Top 50 Performing Companies 2012”, voted by Nhip Cau Dau Tu magazine.
- “M&A Advisory Firm of the Year 2011 - 2012”, awarded at M&A Forum Vietnam 2012.

### 2013



- “The Best Brokerage Firm in Vietnam 2013” at the Triple A Country Awards 2013, awarded by The Asset magazine.
- “Top 50 Listed Companies in Vietnam 2013”, voted by Forbes Vietnam Magazine.
- “Most Outstanding Securities Company in 2013”, awarded by Hanoi Stock Exchange
- “Top 10 Members of Government Bond Trading 2013”, awarded by Hanoi Stock Exchange.

### 2014



- “Best Brokerage House in Vietnam” and “Best M&A House in Vietnam” at the Triple A Country Awards 2014, awarded by The Asset magazine.
- “Top 3 Best Salespersons in Vietnam” in 2014 plus other accolades for brokerage services and research coverage by Asiamoney.
- “The Best Managed Brokerage House in the APAC Region”, awarded by the Asian Banker.
- Certificate of Merit from Ministry of Finance for significant contribution to HNX’s development from 2009 - 2014.
- “Top 50 Best Performing Companies in Vietnam 2014”, voted by Nhip Cau Dau Tu magazine.
- “Top 50 Listed Companies in Vietnam 2014”, voted by Forbes Vietnam magazine.
- “Bronze Award” for Traditional Annual Report in Financial Services: Brokerage & Commodity Category, and “Honors Award” for Written Text Category at the 2014 ARC Awards.
- “Gold Award” in Financial - Capital Markets and 3 other major accolades at the 2013 LACP Vision Awards for Annual Reports.
- “Top 10 Best Annual Reports”, awarded by HOSE and Dau tu Chung khoan Newspaper.

### 2015



- “Top 50 Performing Companies in Vietnam 2015”, voted by Nhip Cau Dau Tu magazine.
- “Top 50 Listed Companies in Vietnam 2015”, voted by Forbes Vietnam magazine.
- “Top 3 Publicly Listed Companies in Vietnam 2015” by ASEAN Corporate Governance Scorecard, awarded in Manila, Philippines.
- Certificate of Merit from the Prime Minister for significant contribution to securities market development in 2010 - 2014.
- Certificate of Merit from the Ho Chi Minh City People’s Committee.
- “Best Member Firm”, voted by Ha Noi Stock Exchange.
- 1st Prize for Best Annual Report, Best Content of Corporate Governance 2015 and Top 3 Best Sustainability Reports given by Vietnam Investment Review and HOSE.
- “Bronze Award” for Traditional Annual Report in Financial Services - Brokerage & Commodity Category” and “Honors Award” for Written Text Category at 2015 ARC Awards.

### 2016



- “Top 50 Listed Companies in Vietnam”, awarded by Forbes Vietnam magazine.
- Certificate of Merit from the Ministry of Finance for significant contributions to the development of the securities market, economy and social aspect in Vietnam.
- “Top 100 Sustainable Companies in Vietnam 2016”, awarded by VCCI.
- “Top 10 Best Annual Reports in Vietnam” at Annual Report Award, organized by Dau Tu Chung Khoan Newspaper and HOSE.

### 2017



- “Best Brokerage House in Vietnam” at the Triple A Country Awards 2017, awarded by The Asset magazine.
- “Top 50 Listed Companies in Vietnam 2017”, voted by Forbes Vietnam magazine.
- “Top 50 Performing Companies in Vietnam 2017”, voted by Nhip Cau Dau Tu magazine.
- “Top 10 Best Annual Report” & “Best Corporate Governance report” at Annual Report Award, organized by Dau Tu Chung Khoan Newspaper and HOSE.

### 2018



- Top 3 public listed companies in Vietnam 2018, awarded at the 2nd ASEAN Corporate Governance Awards Ceremony held in Malaysia by ASEAN Capital Markets Forum.
- “Top 5 Best Corporate Governance Companies – Large Cap Group” and “Top 10 Best Annual Reports” at the ceremony of the Vietnam Listed Company Awards.
- “Top 50 Best Performing Companies in Vietnam 2018”, awarded by Nhip Cau Dau Tu Magazine.
- “Top 50 Best Listed Companies”, awarded by Forbes Vietnam magazine.
- “Best Company for Investor Relation Activities 2018” at IR Awards 2018 organized by Vietstock in collaboration with Finance and Electronic Life - FiLi.vn.
- “The Best Securities Company in 2017 - 2018 for IPO Advisory & Private Issuance at Vietnam M&A forum.

### 2019



- “Best Institutional Broker in Vietnam”, awarded by Alpha Southeast Asia magazine.
- “Top 50 best listed company in Vietnam 2019”, voted by Forbes Vietnam magazine.
- “Top 50 Best Performing Companies in Vietnam 2019”, awarded by Nhip Cau Dau Tu Magazine.
- “Best Brokerage House in Vietnam” at the Triple A Country Awards 2017, awarded by The Asset magazine.
- “Top 5 Best Corporate Governance Companies – Large Cap Group” at “Vietnam Listed Company Awards 2019”, awarded by SSC and HSX.

## AWARDS & ACCOLADES (CONTINUED)

2020



"Best Investment Bank in Vietnam" awarded by Alpha Southeast Asia magazine.



"Top 5 Best Corporate Governance Companies – Large Cap Group", awarded by State Securities Commission (SSC), Hochiminh Stock Exchange (HOSE).

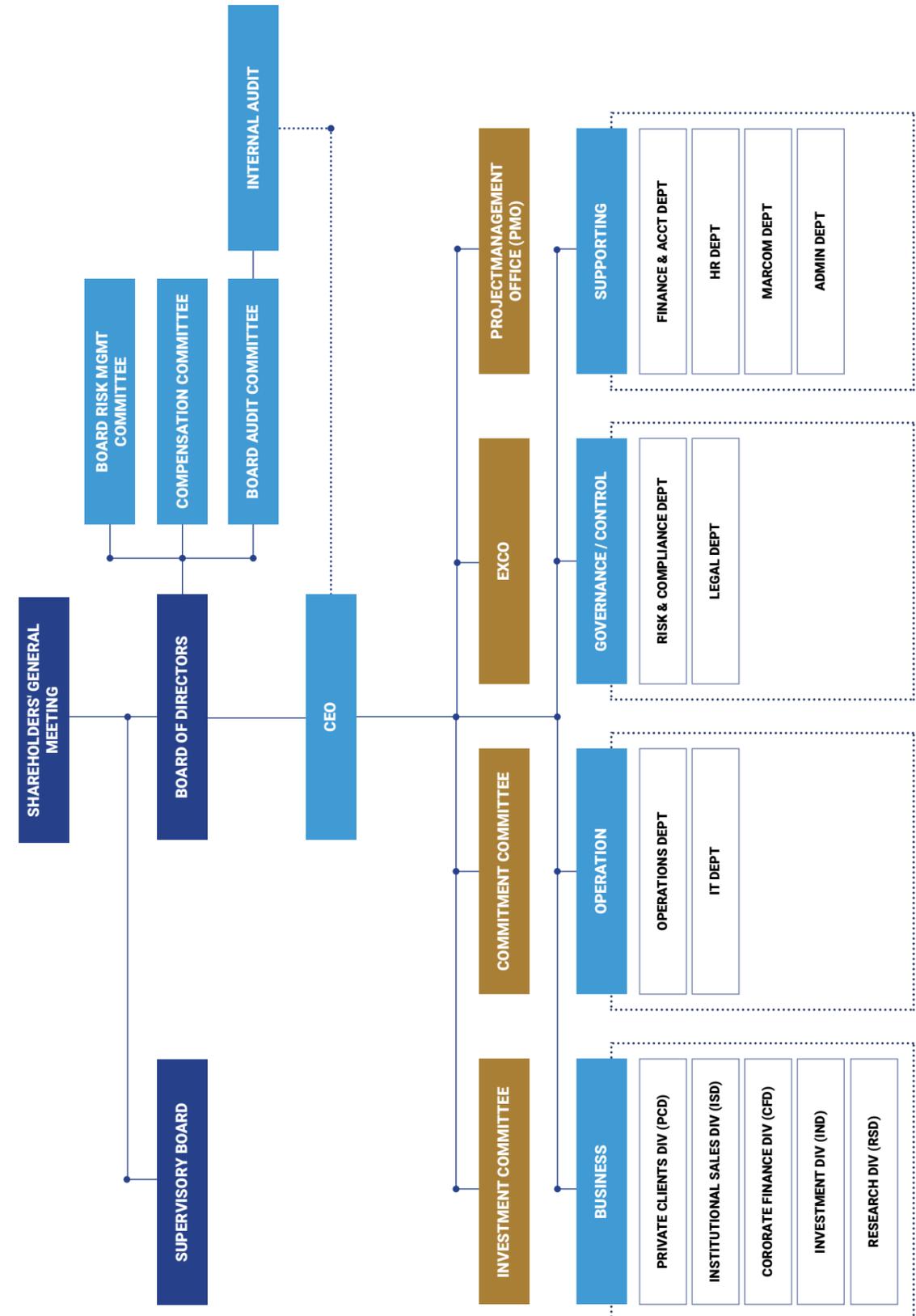


"Top 50 Best Performing Companies in Vietnam", awarded by Nhip Cau Dau Tu Magazine.



"The listed company with best IR activities 2020 voted by investors", awarded by Vietstock.

## ORGANIZATION STRUCTURE



## BOARD OF DIRECTORS



**Mr.  
DO HUNG VIET**

Chairman  
Non-executive member

Mr. Do Hung Viet has been the Non-executive Chairman of HSC's Board of Directors (BoD) since April 4, 2011. Mr. Viet was the Chief Executive Officer of HSC since its inception in 2003 to 2006. Prior to that, he worked as a Manager of the Trust Department of the Ho Chi Minh City Investment Fund for Urban Development (HIFU). He holds a bachelor's degree in economics & Banking.



**Mr.  
PHAM NGHIEM XUAN BAC**

Non-executive member

Appointed in February 2002, Mr. Pham Nghiem Xuan Bac has been a member of HSC's BoD for more than 19 years. He holds a master's degree in Business Administration and a Bachelor of Laws. Currently, Mr. Bac is the Chief Executive Officer of Vision & Associates Co., Ltd., and the Chairman of Synergy Company Limited. Prior to that, he was the Deputy General Director of InvesConsult from 1989 to 1999.



**Mr.  
LE THANG CAN**

Non-executive member

Mr. Le Thang Can has been a Non-executive member of HSC's BoD since his appointment on April 16, 2015. After completing his bachelor's degree in Economics, he joined the Ho Chi Minh City Finance and Investment State-owned Company (HFIC) and was promoted to be the Investment Manager for HFIC. Prior to HFIC, Mr. Can was the Chief Financial Officer at Huy Viet Ltd.



**Mr.  
LE ANH MINH**

Vice Chairman  
Non-executive member

Mr. Le Anh Minh has been a member of the BoD of HSC for 14 years and has been appointed as Vice Chairman of the Board since April 2011. He joined the Dragon Capital (DC) in 2002 and has held various positions such as Chief Executive Officer, Chief Financial Officer, and executive member of the Board of Directors of DCG. He used to be Southeast Asia Chief Financial Officer of Coca-Cola, he holds a Master of Business Administration degree from Wharton School, Pennsylvania State University, USA.



**Mr.  
JOHAN NYVENE**

Non-executive member

Mr. Johan Nyvene has been a member of the BoD of HSC since June 2007. He was also the Chief Executive Officer of HSC for 13 years from 2007 to March 2020. Under his leadership, HSC emerged from the mid-end securities firm to prominence in Vietnam. Prior to HSC, Mr. Nyvene spent nine years at HSBC Vietnam, where he set up and led the Securities Service Department of the Bank. He spent the first 09 years of his financial career as an analyst and international banking expert, in charge of Southeast Asian markets at CoreStates First Union Bank in the USA.



**Mr.  
LE HOANG ANH**

Non-executive member

Mr. Le Hoang Anh has been a non-executive member of HSC's BoD since April 2016. A member of Dragon Capital (DC) since 2000, Hoang Anh has been Chief Representative of the Representative Office of Dragon Capital Management (HK) Ltd in Ho Chi Minh City since December 22, 2020. Prior to joining DC, Hoang Anh worked at the HCMC Department of Planning and Investment. Besides, Hoang Anh serves as a Board Member of VietFund Management JSC.



**Mr.  
LAM HOAI ANH**

Non-executive member

Mr. Lam Hoai Anh has been a Non-executive member of HSC's BoD since his appointment in April 2018. Currently, Mr. Anh is the Deputy General Director of the Ho Chi Minh City Finance and Investment State-owned Company (HFIC). He is also a board member of the Sai Gon Kim Cuong Joint Stock Company and Gia Dinh Textile Joint Stock Company. He holds a bachelor's degree and master's degree in Finance and Banking.

## BOARD OF SUPERVISORS



**Mr.**  
**VO VAN CHAU**

Head of Board of Supervisors

Mr. Vo Van Chau has been a member of HSC's Board of Supervisors (BoS) for 19 years since December 2002. He was the Vice Chairman of the Board of Directors of Kien Long Bank until 2018. Previously, he was a member of the Board of Directors cum Chief Executive Officer, Advisor to Chairman of the Board of Directors of Kien Long Bank; senior advisor to the board of management of Dai Tin Commercial Joint Stock Bank, the Chief Executive Officer of the Orient Commercial Joint Stock Bank, and a Branch Director of the Asia Commercial Joint Stock Bank in Da Nang and Dak Lak.



**Mr.**  
**DOAN VAN HINH**

Member of Board of Supervisors

Mr. Doan Van Hinh has served on HSC's BoS since 2007. Prior to that, Mr. Hinh was the Chief Financial Officer at Saigon Co-op Investment Development Joint Stock Company from 2007 to 2014. He also held the position of Chief Accountant at HCMC Trade Cooperative Union from 1997 to 2007.



**Ms.**  
**DANG NGUYET MINH**

Member of Board of Supervisors

Ms. Dang Nguyet Minh has been a member of HSC's BoS for more than 08 years since her appointment in April 2013. Currently, Ms. Minh is the Deputy Head of Research at Dragon Capital (DC).

## BOARD OF MANAGEMENT



**Mr.**  
**TRINH HOAI GIANG**

Chief Executive Officer

Mr. Trinh Hoai Giang was appointed Chief Executive Officer of HSC on January 09, 2020. Prior to this appointment, he has contributed 13 years as Deputy General Director, in charge of Investments and Operations of HSC. Before HSC, he worked in the Treasury Department of the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) from 1994 to 2002. Mr. Giang joined Dragon Capital Limited as a Director in 2005. He has contributed greatly to the development of Vietnam's capital market as the Vice Chairman of Vietnam Bond Market Association since 2010. Mr. Giang was a Fulbright U.S. Scholar and earned his Master of Business Administration in the United States in 2005.



**Mr.**  
**NGUYEN CANH THINH**

Managing Director  
Private Client Division

Nguyen Canh Thinh was appointed the Managing Director in charge of the Retail Client Brokerage Division in March 2019. Mr. Thinh has been with HSC since the beginning years of its establishment. Having 15 years of working, he has held many important roles in the Division before being promoted to his current role. With his long-year experience and deep knowledge, Mr. Thinh has successfully executed strategic transformation initiatives of business model and building high quality sales team which help the Retail Client Brokerage Division developing, greatly contributing to revenue growth and reputation of HSC as the leading securities firm in the financial industry.



**Mr.**  
**STEPHEN JAMES MCKEEVER**

Managing Director  
Institutional Client Division

Mr. Stephen James McKeever has joined HSC since 2018 as the Managing Director in charge of the Institutional Sales Department. Before HSC, he had more than 20 years of experience in various senior executive positions, such as the Regional Director in Asia for Mizuho Securities Asia and the Business Development Director for Standard Chartered Bank. Mr. McKeever earned his bachelor's degree in Finance at the London School of Economics.

## BOARD OF MANAGEMENT (CONTINUED)



**Mr.**  
**PHAM NGOC BICH**  
Managing Director  
Corporate Finance Division

Mr. Pham Ngoc Bich joined HSC on January 17, 2016. He has over 25 years of global investment experience in various senior roles, including Assistant Vice President of Derivatives Trading at Credit Lyonnais Canada, Managing Director at CIBC Global Asset Management in Canada and Hong Kong, CEO at Prudential/Eastspring Vietnam Fund Management and Managing Director of Institutional Sales at SSI Securities, before joining HSC.



**Mr.**  
**TRAN TAN DAT**  
Managing Director  
Head of Trading  
Institutional Client Division

Mr. Tran Tan Dat was appointed Managing Director in charge of Trading of Institutional Client Division in 2018. Mr. Dat has been with HSC for 14 years, since graduating from the Hogeschool Zeeland University, major International Business Management Studies. With his continuous contribution, HSC's ISD became and stayed firm as the largest broker for foreign institutional investors in Vietnam.



**Mr.**  
**LE NGUYEN BINH**  
Managing Director  
Operations Management

Mr. Le Nguyen Binh joined HSC as Managing Director of Operations on December 01, 2020. Prior to HSC, he was Head of Operations and Performance Analytics of Eastspring Investments Fund Management Limited Liability Company (Eastspring Vietnam) since 2005 and be responsible for investment operations, IT, data & governance supports for the entire organization, covering all middle and back office operations. He also served as Senior Finance Specialist at Mitsui Chemical Group, a Japanese joint venture company in Vietnam, from 1997 to 2000. Besides, he is a member of the Back-Office Market Development Committee of the Vietnam Bond Market Association and member of Vietnamese Financial Reporting Standard Board for Capital Market led by the MoF of Vietnam.



**Mr.**  
**LE ANH QUAN**  
Chief Partnership Officer

Mr. Le Anh Quan joined HSC as Managing Director in charge of partnership development in 2018. He has more than 26 years of experience in various senior positions at several large corporations in and outside Vietnam, in particular, CMO at Techcombank, VP of Marketing at Kinh Do Group, Business Development Director at DID TV Media Group, Business Unit Director at Unilever, and Online Marketing Manager at The Walt Disney Company, among others. Mr. Quan holds a Master of Business Administration degree at Anderson School of Management at California State University in Los Angeles (UCLA).



**Mr.**  
**CHRISTOPHER HUNT**  
Head of  
Research Division

Mr. Christ Hunt joined HSC as Managing Director, Head of Research - Research Division from August 2019. Mr. Christ Hunt has over 30 years of experience in research, financial advisory and managing research and product development. He was Head of Research at top-rate financial companies as HSBC Securities, Macquarie Securities, SG Warburg, Alliance Capital Management, PXP Management, CIMB and Standard Chartered.



**Mr.**  
**BACH QUOC VINH**  
Managing Director  
Northern Region

Mr. Bach Quoc Vinh joined HSC in 2003 and has been Managing Director covering the Northern market on since then. Before HSC, Mr. Vinh had more than 10 years at Prudential Vietnam as its Business Development Manager, Head of Business Development in the Hanoi office, and Branch Director in Nghe An and Ha Tinh provinces for the insurance company.



**Mr.**  
**LAM HUU HO**  
Chief Financial Officer

Mr. Lam Huu Ho was appointed Chief Financial Officer at HSC on November 1, 2007. Before HSC, Mr. Ho had more than 05 years of experience in audit at KPMG Vietnam and was the Internal Audit Manager at Cai Lan Oil and Fats Industry Company from 2003 to 2007.



**Ms.**  
**NGUYEN LINH LAN**  
Managing Director  
Human Resources  
Department

Mrs. Nguyen Linh Lan joined HSC on December 02, 2019 as the Managing Director in charge of the Human Resource Department. Before HSC, Mrs. Lan has 25 years of experience and be an expertise in Talent acquisition, Operations & Strategic planning at regional & global corporates such as AIA, M&P International, Saigon Shipping, Katran Shipping, Mayer Brown – American Law firm.

## SHAREHOLDERS' INFORMATION

### SHAREHOLDERS'EQUITY RATIO

No	Category	Stocks	Percentage of ownership (%)	Number of Shareholders	Shareholder structure (*)	
					Institutional	Individual
1	State Shareholders	72,975,180	23.86%	1	1	-
2	Major Shareholders	91,650,556	29.96%	1	1	-
	- Local	-	-	-	-	-
	- Foreign	91,650,556	29.96%	1	1	-
3	Treasury Shares	840,418	0.27%	-	-	-
4	Others	140,416,109	45.91%	9,992	136	9,856
	- Local	86,658,166	28.33%	9,677	68	9,609
	- Foreign	53,757,943	17.57%	315	68	247
	<b>TOTAL</b>	<b>305,882,263</b>	<b>100.00%</b>	<b>9,994</b>	<b>138</b>	<b>9,856</b>
	Including:					
	- Local	160,473,764	52.46%	9,678	69	9,609
	- Foreign	145,408,499	47.54%	316	69	247

### MAJOR SHAREHOLDERS

No	Object	Number of Stocks	Percentage of ownership (%)	Number of Shareholders	Shareholder structure (*)	
					Institutional	Individual
1	Major Shareholders (above 5% ownership, not classified as Securities Companies)	-	-	-	-	-
	- Local	-	-	-	-	-
	- Foreign	-	-	-	-	-
2	Securities Companies (above 5% ownership)	164,625,736	53.82%	2	2	-
	- Local	72,975,180	23.86%	1	1	-
	- Foreign	91,650,556	29.96%	1	1	-
3	Securities Companies (less than 5% ownership)	54,328,702	17.76%	72	72	-
	- Local	2,393,887	0.78%	19	19	-
	- Foreign	51,934,815	16.98%	53	53	-
	<b>TOTAL</b>	<b>218,954,438</b>	<b>71.58%</b>	<b>74</b>	<b>74</b>	<b>-</b>

### OWNERSHIP STRUCTURE

Category	Restricted transferable shares	Transferable shares	Total	Percentage of Ownership %
I. Inside Shareholders	576,720	167,705,845	168,282,565	55.02%
II. Treasury shares	-	840,418	840,418	0.27%
III. Others	2,954,064	133,805,216	136,759,280	44.71%
1. Local	2,667,336	80,334,001	83,001,337	27.14%
1.1 Individual	2,667,336	75,997,388	78,664,724	25.72%
1.2 Institutional	-	4,336,613	4,336,613	1.42%
In which State - owned:	-	-	-	-
2. Foreign	286,728	53,471,215	53,757,943	17.57%
2.1 Individual	286,728	1,510,253	1,796,981	0.59%
2.2 Institutional	-	51,960,962	51,960,962	16.99%
<b>TOTAL</b>	<b>3,530,784</b>	<b>302,351,479</b>	<b>305,882,263</b>	<b>100.00%</b>

### SPECIAL SHAREHOLDERS

No	Name of Institution/ Individual	ID/ Passport/ Business Licence	Issued day	Address	Number of Stocks	Percentage of Ownership (%)
<b>A. State Shareholders cum Strategic Shareholders (above 5% ownership)</b>						
1	Hochiminh city Finance and Investment state - owned Company (HFIC)	300535140	4/13/10	33- 39 Pasteur St, Dist.1, HCMC	72,975,180	23.86%
1.1	Lam Hoai Anh	001072008603	6/1/16	290/9 Nam Ky Khoi Nghia St, Ward 8, Dist. 3, HCMC	51,082,626	16.70%
1.2	Le Thang Can	025776876	4/18/13	60/21/6 D4, KP5, Truong Tho, Thu Duc, HCMC	21,892,554	7.16%
	<b>TOATL A:</b>				<b>72,975,180</b>	<b>23.86%</b>
<b>B. Major Shareholders cum Strategic Shareholders (above 5% ownership)</b>						
2	Dragon Capital Markets Limited (DC)	C00001	7/27/00	.1901, Floor 19, Me Linh, 02 Ngo Duc Ke, Dist. 1, HCMC	91,650,556	29.96%
	<b>TOTAL B:</b>				<b>91,650,556</b>	<b>29.96%</b>
	<b>TOTAL (A+B):</b>				<b>164,625,736</b>	<b>53.82%</b>

## SHAREHOLDER INFORMATION (CONTINUED)

### INSIDE SHAREHOLDERS

No	Full name	Position	Restricted transferable shares	Transferable shares	Total	Percentage of Ownership (%)	Percentage of Representative(%)
<b>BOARD OF DIRECTORS</b>							
1	<b>Do Hung Viet</b>	<b>Chairman</b>	-	<b>41,924</b>	<b>41,924</b>	<b>0.01%</b>	-
2	<b>Lam Hoai Anh</b>	<b>Member</b>	-	<b>51,082,626</b>	<b>51,082,626</b>	<b>0.00%</b>	<b>16.75%</b>
	Own share number		-	-	-		
	Represented share number <b>Hochiminh city Finance and Investment state - owned company (HFIC)</b> (State shareholder)		-	51,082,626	51,082,626		16.75%
3	<b>Le Anh Minh</b>	<b>Vice Chairman</b>	-	<b>45,927,871</b>	<b>45,927,871</b>	<b>0.03%</b>	<b>15.02%</b>
	Own share number		-	102,592	102,592	0.03%	
	Represented share number <b>Dragon Capital Markets Limited (DC)</b>		-	45,825,279	45,825,279		15.02%
4	<b>Le Thang Can</b>	<b>Member</b>	-	<b>21,892,554</b>	<b>21,892,554</b>	-	<b>7.18%</b>
	Own share number		-	-	-		
	Represented share number <b>Hochiminh city Finance and Investment state - owned company (HFIC)</b> (State shareholder)		-	21,892,554	21,892,554		7.18%
5	<b>Pham Nghiem Xuan Bac</b>	<b>Member</b>	-	<b>460,000</b>	<b>460,000</b>	<b>0.15%</b>	-
6	<b>Le Hoang Anh</b>	<b>Member</b>	-	-	-		-
7	<b>Johan Nyvene</b>	<b>Member</b>	<b>182,880</b>	<b>47,024,417</b>	<b>47,207,297</b>	<b>0.45%</b>	<b>15.02%</b>
	Own share number		182,880	1,199,140	1,382,020	0.45%	
	Represented share number <b>Dragon Capital Markets Limited (DC)</b>		-	45,825,277	45,825,277		15.02%
<b>TOTAL</b>			<b>182,880</b>	<b>166,429,392</b>	<b>166,612,272</b>	<b>0.65%</b>	<b>53.97%</b>
<b>MANAGEMENT TEAM</b>							
1	<b>Trinh Hoai Giang</b>	<b>CEO</b>	<b>182,880</b>	<b>760,471</b>	<b>943,351</b>	<b>0.31%</b>	-
<b>TOTAL</b>			<b>182,880</b>	<b>760,471</b>	<b>943,351</b>	<b>0.31%</b>	-
<b>SUPERVISORY BOARD</b>							
1	<b>Vo Van Chau</b>	<b>Chairman</b>	-	<b>40,418</b>	<b>40,418</b>	<b>0.01%</b>	-
2	<b>Doan Van Hinh</b>	<b>Member</b>	-	<b>10,935</b>	<b>10,935</b>	<b>0.0036%</b>	-
3	<b>Dang Nguyet Minh</b>	<b>Member</b>	-	-	-		-
<b>TOTAL</b>			-	<b>51,353</b>	<b>51,353</b>	<b>0.02%</b>	-
1	<b>Lam Huu Ho</b>	<b>Chief Accounting Officer</b>	<b>92,880</b>	<b>385,909</b>	<b>478,789</b>	<b>0.16%</b>	-
2	<b>Le Anh Quan</b>	<b>Chief Partnership Officer</b>	<b>118,080</b>	<b>78,720</b>	<b>196,800</b>	<b>0.06%</b>	-
<b>TOTAL</b>			<b>576,720</b>	<b>167,705,845</b>	<b>168,282,565</b>	<b>1.20%</b>	<b>53.97%</b>

### SHARES

<b>Total number of shares:</b>	<b>305,882,263</b>	<b>share</b>
Type of outstanding shares	Common	share
Par value	10.000 dong/	share
<b>Treasury shares:</b>	<b>840,418</b>	<b>share</b>
<b>Number of outstanding shares:</b>	<b>305,041,845</b>	<b>share</b>
Number of restricted transferable shares:	3,530,784	share
Number of transferable shares:	302,351,479	share

### TREASURY SHARES

Category	Number of Treasury Shares as of 01/01/2020		Number of Treasury Shares changed (*increase) in term	Number of Treasury Shares as of 31/12/2020	
	Quantity	Percentage		Quantity	Percentage
Number of Treasury Shares	366,090	0.120%	474,328	840,418	0.275%

Note:

\* In 2020, HSC has withdrawn 474.328 shares from seventeen (17) retired staffs, who involved in the ESOP 2018, according to the regulations on issuing shares for HSC key officers





# **BUSINESS PERFORMANCE**

## MACROECONOMIC REVIEW

The year 2020 witnessed substantial disruption and reduction of economic activity due to the Covid-19 pandemic. Travel restrictions and lockdowns in countries across the globe led to widespread business shutdowns and then job losses. As supply was disrupted and demand shrank, the global economy contracted significantly by 4.3% in 2020, according to World Bank estimates.

Vietnam was also impacted heavily by the pandemic as the nationwide lockdown in April harmed domestic consumption while the impact on world major economies caused demand to plunge. GDP growth in the second quarter of 2020 was just 0.36%, the lowest level in many years. However, Vietnam was able to get through the pandemic and deliver economic growth that was much better than many expected. GDP grew by 2.6% and 4.4% in Q3 and Q4, respectively. With GDP growth of 2.9% YoY in FY2020, Vietnam was among the few countries that delivered positive growth for the year.

The global economy is expected to recover in 2021 with the World Bank forecasting growth of 4.0%. Major economies are expected to maintain accommodative monetary policies. However, the recovery path will largely depend on the course of the virus. Given the current renewed wave of infection in many countries, acceleration of vaccine production and distribution is critical to the expected economic growth.

Vietnam ended one of the most chaotic years in recent history with stable macro conditions and stronger fundamentals. Inflation was well controlled and below the government's target of 4%. Foreign currency reserves rose by US\$27 billion to US\$100 billion, equivalent to four months of imports. The Vietnam-EU Free Trade Agreement came into effect on August 1. Labor productivity grew by 5.4%. Vietnam's success and experience in containing the virus has allowed it to maintain business continuity and to allocate resources pursue economic growth targets. While the government targets 6% GDP growth in 2020, global financial institutions and multi-lateral organizations forecast higher growth – Standard Chartered Bank is looking for 7.8%, HSBC is at 7.6%, and the World Bank expects 6.8%.

## MARKET SECURITIES MARKET

The Vietnamese stock market, like all other major stock markets globally, experienced huge volatility in 2020 in the midst of the macroeconomic disruption caused by the Pandemic.

helped investor sentiment recover across the globe including Vietnam; (2) the successful containment of the virus in Vietnam and other countries such as China provided confidence that the virus could be contained; (3) falling interest rates made stocks more attractive than other asset classes such as bank deposits, especially after the market had dropped to a level that looked compelling to investors.

### The Stock Market

The VN-Index declined drastically by 33.5% from 991.4 in January 2020 to 630 in March as investors were deeply concerned about the economic damage caused by Covid-19. However, the VN-Index had rebounded to 901 by June. The recovery was attributed to three main reasons: (1) The technology-stock-led rebound of stock indices in the U.S.

The second Covid wave in Central Vietnam led to a pullback in July when the VN-Index dropped to 772. Again, Vietnam was successful in containing the second wave and that strengthened investor confidence in the country's capabilities. This together with the three aforementioned factors helped the VN-Index recover strongly, reaching 1,113 by the end of December 2020, a 14.6% gain for the year.

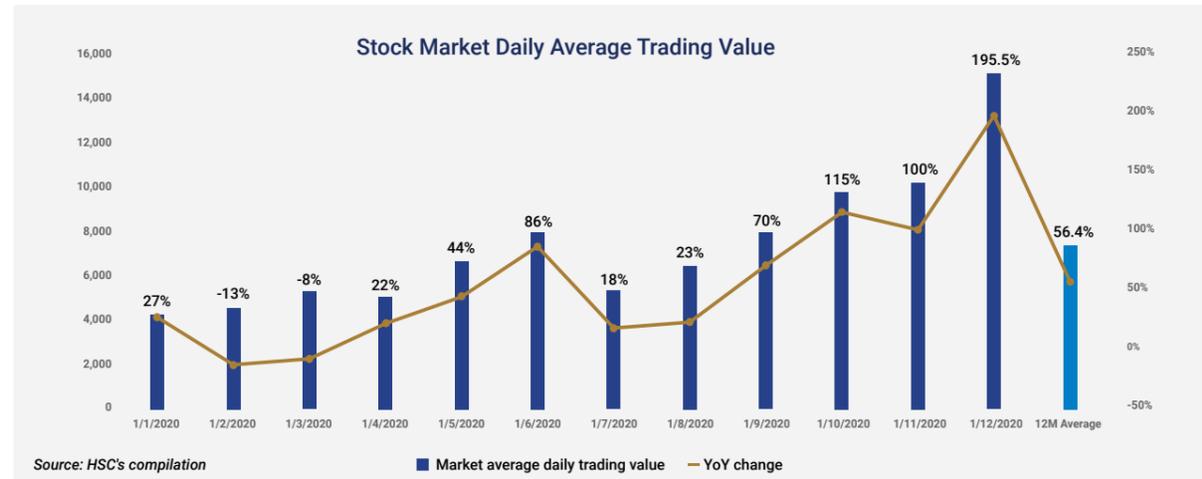


The surge in stock market trading value in 2020 was another surprise. After witnessing declines in February and March as investor sentiment turned cautious when Covid cases were found in countries across the globe, trading value

started to pick up in April and recorded significant growth in the following months. Average daily trading value increased strongly by 56.4%, in FY2020, from VND4,673 billion in 2019 to VND7,310 billion in 2020.



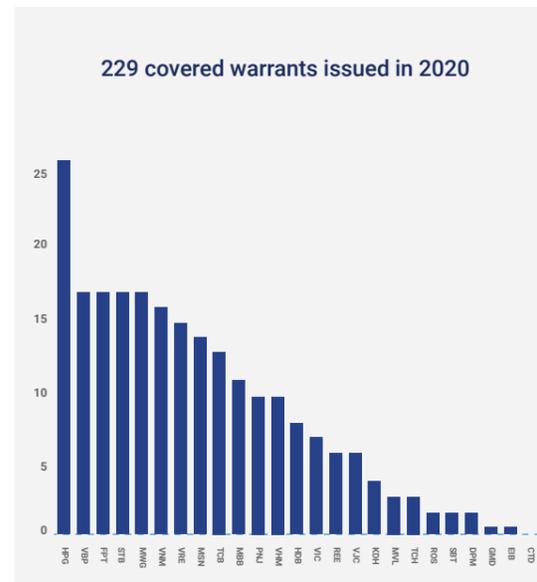
## MACROECONOMIC REVIEW (CONTINUED)



The growth in trading value was primarily driven by local investors. As analyzed earlier, after the sharp fall from January to March, the market's valuation became attractive to investors. Also, as deposit rate had fallen considerably, investors found the stock market to be a better investment channel. Accordingly, the number of stock investment accounts opened by local investors in the year reached 393,659, the highest in 20 years. The stable macroeconomy reassured investors that Vietnam would be able to return to its growth trajectory and upbeat investor sentiment drove market expansion both in terms of market capitalization and trading value.

The optimism from investors has driven the stock market to develop both in capitalization and trading value.

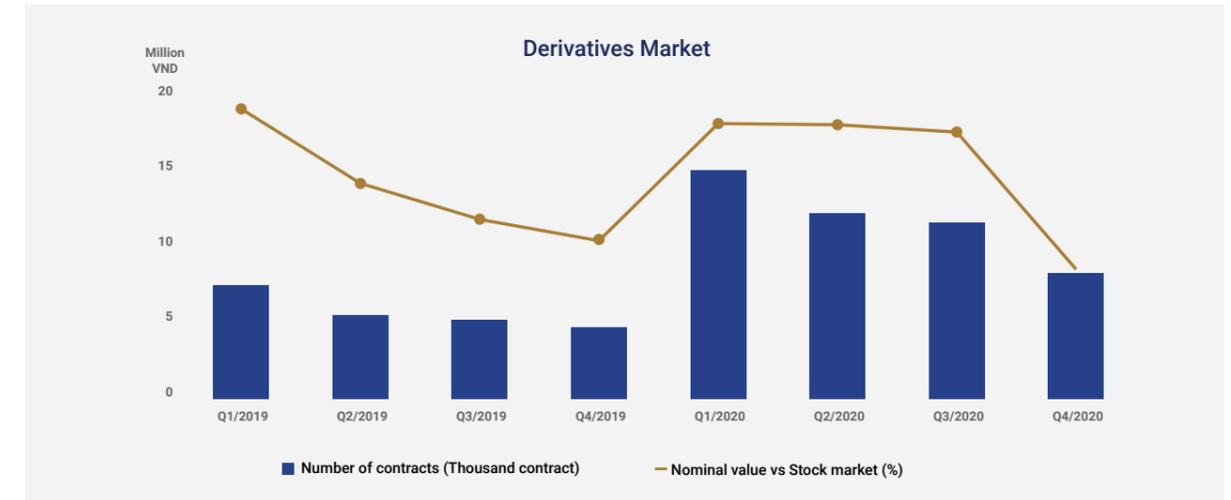
Foreign investors, who are mostly institutional investors, recorded a 23.5% increase in trading value, however, their market share of total trading value dropped to 11.3% in 2020 from 14.7% in 2019 as local investors dominated.



### The Derivatives Market

In line with the surge in trading value in the underlying stock market, trading value in the derivatives market also increased significantly. The number of VN30 index derivatives contracts rose by 77.7% YoY. Local investors dominated trading activity,

accounting for 99.1% of contracts executed. Amongst local investors, retail investors accounted for 83.8% of total trading volume. The number of derivatives trading accounts reached 173,395, growth of 88% YoY.



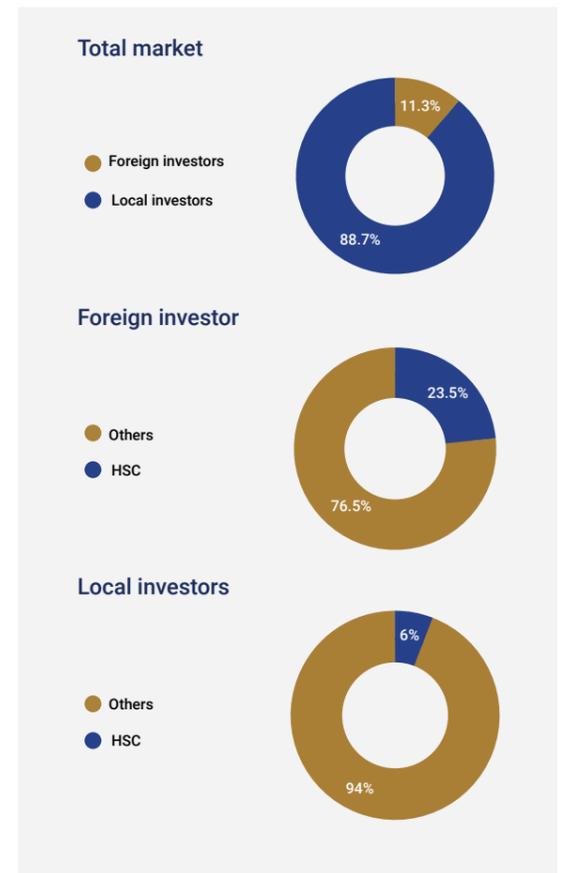
### The Corporate Bond Market

There was strong demand for structured corporate bond products from retail investors, especially high net-worth individuals given the low deposit rate environment.

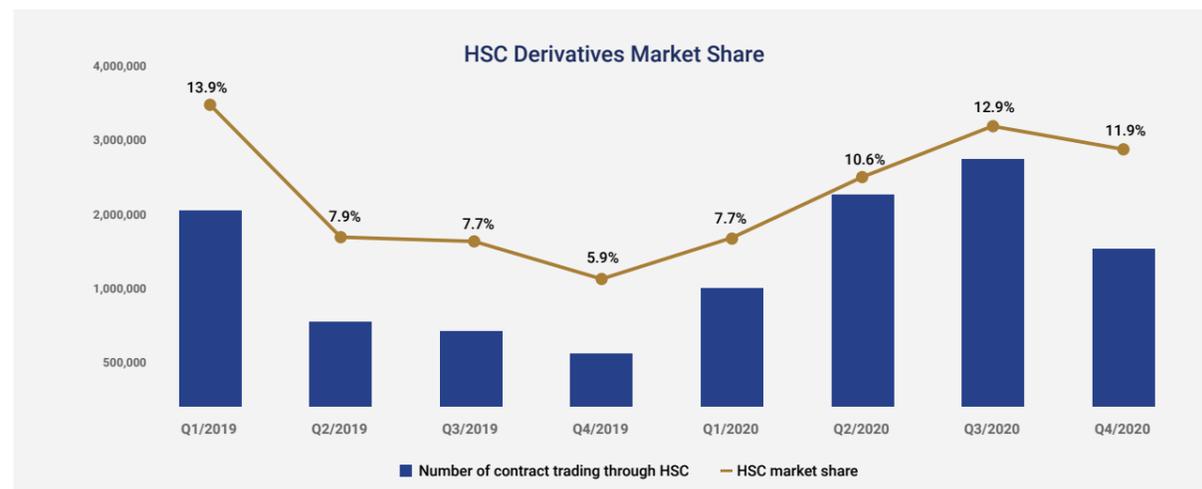
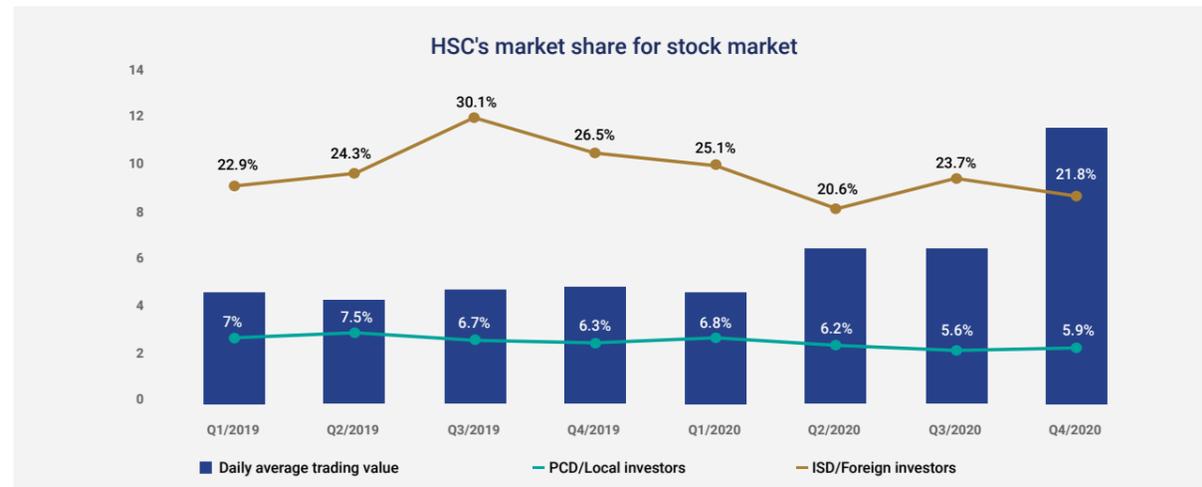
### HSC MARKET SHARE IN 2020

In 2020, HSC remained a leading securities service provider with the second largest market share of 8.7% in overall stock, derivatives and covered warrant trading on the Ho Chi Minh City Stock Exchange ("HOSE"), the second largest share of 10.6% in derivatives and the largest share of 35.5% in covered warrants.

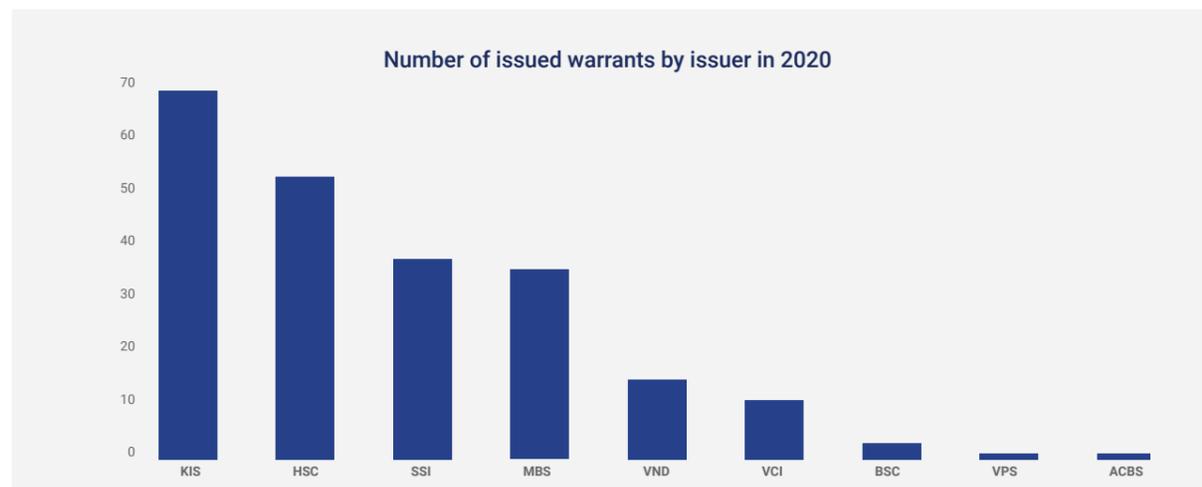
HSC's market share on HOSE fell to 8.7% from 10.5% in 2019, mostly because competition remained fierce as competitors continued to lower or even waive service fees altogether to attract clients. Another reason causing market share decline was the increase in trading value, from 10% of total market trading value in 2019 to 30% in 2020 in stocks that HSC does not provide margin against. As we strictly adhere to our credit risk and compliance policies, we do not provide margin loans for small cap stocks, UPCOM stocks and stocks that are not deemed to be qualified for margin lending. It is worth noting that thanks to our rigorous credit and risk management policies, we incurred no bad debts in 2020 despite the market's high volatility, protecting our shareholders' capital.



## MACROECONOMIC REVIEW (CONTINUED)



Covered Warrants: HSC was second in terms of the number of warrants issued but the leader in term of covered warrant trading value with 33% market share.



## HSC'S PERFORMANCE REVIEW

HSC 2020 Performance Review	FY 2020	FY 2019	% Change	Plan 2020	% Plan 2020
<b>Income Statement (VND Million)</b>					
Revenue (*)	1,591,734	1,262,261	26%	1,297,586	123%
Operating expenses (*)	931,519	730,950	27%	730,702	127%
Profit before tax	660,305	531,406	24%	566,883	116%
Profit after tax	530,452	432,565	23%	453,507	117%
<b>Balance Sheet (VND Million)</b>					
Total assets	12,488,828	7,488,679	67%	7,227,589	173%
Total equity	4,440,355	4,304,143	3%	4,390,450	101%
<b>Financial indicator</b>					
Return on average assets	5.3%	6.8%	-22%	6.2%	86%
Return on average equities	12.1%	11.7%	3%	10.8%	112%
<b>Per share financial indicators</b>					
Outstanding shares	305,041,845	305,516,173	0%	305,589,673	100%
Earnings per share	1,738	1,596	9%	1,482	117%
Book value per share	14,557	14,088	3%	13,725	106%

(\*): Gains and losses arising from proprietary investments have been netted off for comparative purposes.

The development of the capital markets in 2020 not only confirmed our belief in the long-term growth potential of the markets but also aligned with the growth strategy of HSC. HSC's client-centric philosophy, technology strategy, new product development capabilities and synergies between businesses allowed us to capture opportunities, especially in securities

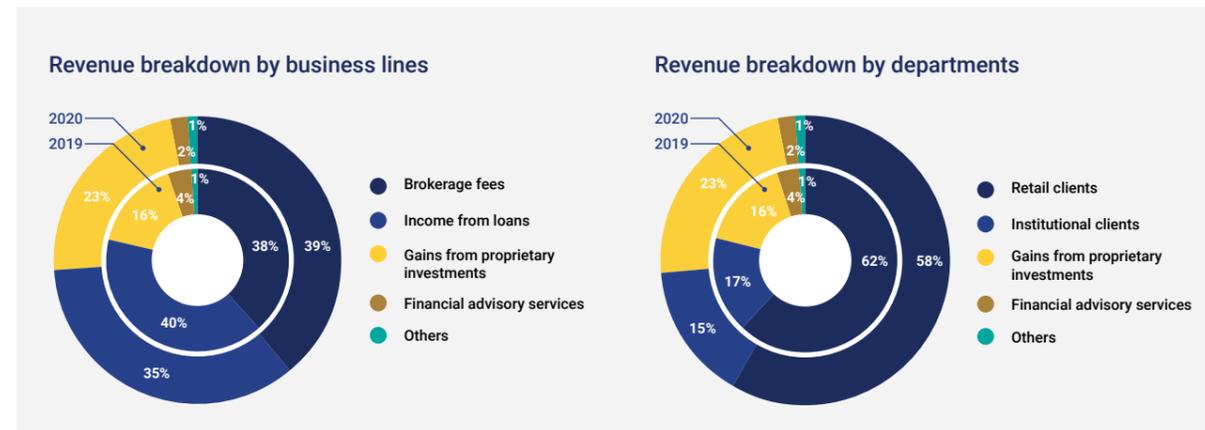
services, proprietary investments, and margin lending, and to deliver strong and sustainable value to shareholders.

Total revenue grew by 26% YoY to VND1,591 billion and net profit increased by 23% YoY to VND530 billion. Return on equity improved to 12.1% from 11.7% in 2019.

### REVENUE STRUCTURE

Revenue Breakdown (VND Million)	FY 2020	FY 2019	% Change	Plan 2020	% Plan 2020
Brokerage fees	621,464	482,482	28.8%	480,631	129.3%
Retail client	378,837	268,487	41.1%	299,189	126.6%
Institutional client	242,627	213,995	13.4%	181,442	133.7%
Income from loans	549,942	508,242	8.2%	439,277	125.2%
Retail clients	549,942	508,242	8.2%	439,277	125.2%
Institutional client	0	0	n.a.	0	n.a.
Gains from proprietary investments	369,388	206,001	79.3%	309,408	119.4%
Financial advisory services	37,741	53,628	-29.6%	66,282	56.9%
Others	13,196	11,908	10.8%	1,987	664.0%
<b>Total</b>	<b>1,591,732</b>	<b>1,262,261</b>	<b>26.1%</b>	<b>1,297,586</b>	<b>122.7%</b>

## HSC'S PERFORMANCE REVIEW (CONTINUED)



### RETAIL CLIENTS

#### Retail Brokerage

The Retail Client Division (PCD) offers securities services and margin lending to retail clients, who remain HSC's biggest client segment, accounting for 58% of revenue in 2020. These businesses generated total revenue of VND928.8 billion, which translated to 20% growth over last year. HSC remained one of the leading securities services providers with a highly diversified business and revenue structure.

In 2020, the Retail securities services business delivered strong revenue growth of 41.1% YoY. Given the buoyancy of the stock market, average daily trading value by retail investors through HSC increased by 46% YoY, while HSC's securities services revenue rose by 39.6% YoY. Revenue growth was lower than that of trading

value mainly because more clients enjoyed lower fees as their daily trading value exceeded certain thresholds in accordance with HSC's fee structure. Meanwhile, the number of derivatives contracts executed through HSC surged by 91.9% YoY. Our robust trading platform allowed us to handle the surge in client demand without disruption.

Our efforts in the covered warrant business continued to bear fruit in 2020 as we delivered strong growth and retained our market leading position. We issued 31 covered warrants on 13 underlying stocks. HSC was second in terms of the number of warrants issued but the leader in term of covered warrant trading value with 35.5% market share. During the year we also invested in technology to upgrade our covered warrant business operations and automate covered warrant performance and market share reporting and monitoring.

Retail clients (VND Million)	FY 2020	FY 2019	% Change	Plan 2020	% Plan 2020
Securities services revenue	378,837	268,487	41.1%	299,189	126.6%
- From the underlying stock market	339,926	243,568	39.6%	260,177	130.7%
- From the derivatives market	38,911	24,919	56.1%	39,012	99.7%

In 2020, HSC continued to transform its retail client securities services business towards digitalization and a wealth management business model. This strategic move allows us to better serve our clients across various segments and achieve greater efficiency and lower costs. In particular we have been digitalizing our trading platform and client service processes as we aim to serve a more cost-sensitive client segment. Concurrently, we are assisting our high-net-worth wealth management executive team to strengthen their skills to enhance service quality in this segment. As a result, we have been able to scale down our wealth management team while retaining a strong base of loyal clients despite fierce competition, which translated to lower payroll growth of 11.5% versus brokerage fee growth of 41.1%.

#### Margin lending

Margin lending has long been an important business, contributing the largest revenue share of HSC's Retail Client Brokerage division. In 2020, the average balance of margin loans increased by 21.4% YoY. Despite market volatility and competition, we were able to maintain our leading position in this business which is attributable to (1) effective promotion programs targeting our major client groups; (2) flexible products and service strategies both in terms of rates and client segmentation in which we prioritize capital resources towards big clients who represent the biggest risk-adjusted revenue opportunity; and (3) rigorous risk management policies under which we can protect the capital of both clients and shareholders.

Interest income growth of 8.2% YoY in 2020 was lower than the growth of the margin loan balance as HSC proactively offered competitive lending rates to particular client groups.

Revenue from margin loans (VND Million)	FY 2020	FY 2019	% Change	Plan 2020	% Plan 2020
Closing balance of margin loans	8,623,841	4,734,496	82.1%	-	-
Average balance of margin loans	5,131,000	4,227,000	21.4%	-	-
Interest income from margin loans	549,942	508,242	8.2%	439,277	125.2%

## HSC'S PERFORMANCE REVIEW (CONTINUED)



### 2021 growth strategy

Digitalization and wealth management development continue to be our main areas of focus in 2021

A new digitalized and integrated service & trading platform - myhsc - will be launched at the end of the first quarter to further enhance the client experience. The platform offers clients more advanced functions such as online account opening, money transfers and portfolio management. Our ActiveBond platform which sells structured corporate bonds will also be upgraded with new functions and higher capacity to prepare for the growing demand from investors

to diversifying their investments. Besides continuously improving myhsc, we are building a digital sales portal to provide all necessary information and services for prospective and current clients. Finally, in the era of social media, we plan to leverage social media to promote our investment product information and knowledge to clients. All of these initiatives will not only help us to grow our client base but also retain the loyalty of existing clients.

With respect to our wealth management development strategy, as aligned with our client-centric philosophy, we will segment our client base and develop customized products and services to better serve these discrete client groups. Hence, we will continue to provide all necessary training to help our wealth management executives to excel and stay ahead of evolving client needs, especially in the high-net-worth client segment. We will also broaden our fixed income product portfolio and covered warrant portfolio from 31 to 40-50 covered warrants to offer clients more investment options.

### INSTITUTIONAL CLIENTS

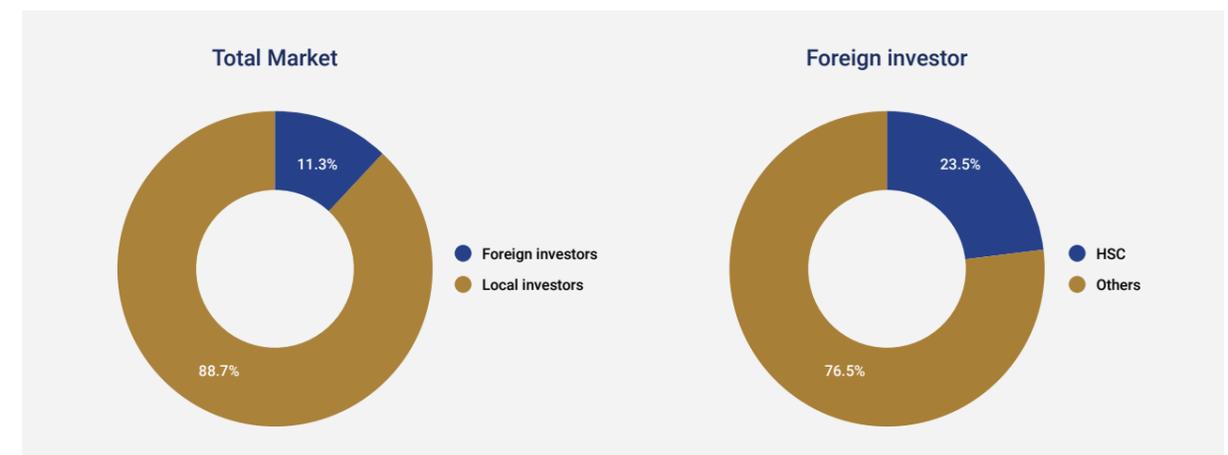
Institutional clients (VND million)	FY 2020	FY 2019	% Change	Plan 2020	% Plan 2020
Revenue	242,627	213,995	13.4%	181,442	133.7%
Securities services fee	242,627	213,995	13.4%	181,442	133.7%
From the underlying stock market	216,155	182,481	18.5%	171,513	126.0%
From the derivatives market	5,305	872	508.4%	5,076	104.5%
Off-band transaction	15,125	24,330	-37.8%	2,435	621.2%
Others (bonds, OTC)	6,042	6,312	-4.3%	2,418	249.9%

HSC's institutional client division (ICD) primarily focuses on providing securities and advisory services to both local and global institutional investors.

In 2020, ICD delivered total revenue of VND242.6 billion, growth of 13.4% YoY, lagging the growth of in average daily trading value which can be explained by the decline in foreign share of overall trading value which declined to 11.3% in 2020 from 14.7% in 2019. Fee income from derivatives

saw a five-fold increase in 2020 albeit from a relatively small base in 2019. In FY2021, HSC's institutional business will continue to expand our institutional client product and service offering to diversify revenues and acquire new clients to deliver sustained growth in what we expect to be a more active client segment this year as Vietnam sees renewed portfolio inflows from foreign institutions attracted by the country's strong economic growth outlook and resilience against Covid-19.

Institutional clients (VND million)	FY 2020	FY 2019	% Change	Plan 2020	% Plan 2020
Total trading value of institutional clients	423,663,256	343,060,159	23.5%	391,269,600	108.3%
% of total market trading value	11.3%	14.7%	-23.1%	15.3%	73.9%
Trading value of institutional clients through HSC	99,553,514	91,395,863	8.9%	97,903,542	101.7%
HSC's market share	23.5%	26.6%	-11.8%	25.0%	93.9%



## HSC'S PERFORMANCE REVIEW (CONTINUED)

HSC is one of the leading institutional securities services providers in Vietnam with the second largest market share and is a trusted partner for our global client base. During 2020 our Institutional Sales team synergistically coordinated with our Corporate Finance team and Retail Client division to help our clients execute several major transactions – notably placements in Vietin Bank (CTG) and Asia Commercial Bank (ACB), illustrating HSC's leading position in this segment. Additionally, we have a strong Research team comprised of highly qualified local and foreign professionals. The team has been producing various market and company reports providing unique insights to our institutional clients.

### 2021 growth strategy

Strengthening HSC's position in this market segment is our key goal for 2021 and beyond.

This will allow us to not only serve our clients better but also to capture additional opportunities.

We have a clear strategy to pursue this goal.

- We focus on clients and their needs so that we can tailor our products and services to meet their expectations.
- We leverage our strengths in macro and company research and in corporate finance advisory to attract new clients and retain existing clients.
- We will continue to invest in our sales capabilities to attain and maintain professional global standards to satisfy the demands of our global client base.
- Finally, we will continue to apply advanced technology to enhance our trading platform and develop flexible, competitive pricing models to meet the increasing demands of our growing client base.



Providing institutional clients with world-class service has long been a focus and a key differentiator for HSC as we recognize the growing importance of this client segment in the future, as has been the case in more developed markets. Emerging market status is in sight and should provide a significant impetus to institutional trading in the future.

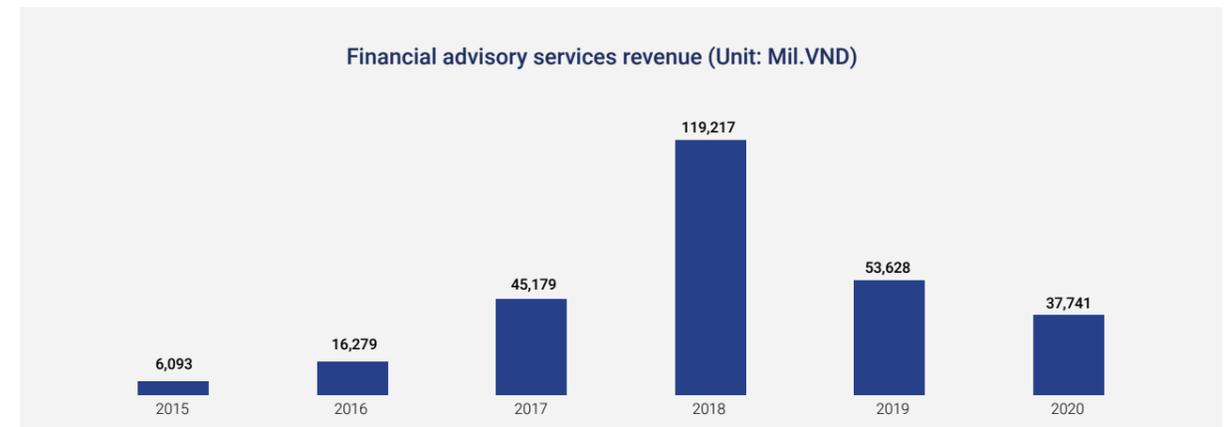
Our Virtual Emerging Vietnam Conference in November 2020 is evidence of our client-engagement efforts. The three-day conference offered an unparalleled opportunity to investment professionals from more than 250 institutions across the globe to explore investment opportunities with 34 leading Vietnamese corporations through one-on-one and small group online meetings. Our nimble and flexible operations not only allowed us to maintain excellent service continuity to clients but also helped us to achieve better cost efficiency.



### FINANCIAL ADVISORY SERVICES

The business delivered VND34.9 billion of revenue in 2020, a YoY decline of 33%. Overall deal flow dropped significantly in the first half of the year as investors and industry players took a "wait-and-see" approach to assess the possible impacts of

the pandemic. Investor sentiment improved considerably in the second half following the recovery in global stock markets across the globe. However, travel restrictions and lockdowns hindered deal execution on the part of both sellers and buyers.



HSC's continued to illustrate its deal execution capabilities in 2020 with the completion of a landmark deal in which we advised Aozora, a leading Japanese bank, to become strategic investor in Orient Commercial Joint Stock Bank, a fast-growing bank in Vietnam. This, together with better deal flow on improving sentiment, has allowed us to build a strong pipeline which promises to translate into considerable growth in 2021 and beyond.

targeted sectors and client groups more effectively. We are also applying challenging performance and financial targets for each individual as we aim to deliver strong performance and high returns on capital from the business.

- We will also invest in technology to enhance efficiency across our business activities. In particular, we will implement:

We believe that the Vietnamese economy will continue to grow rapidly in the long term on the back of strong fundamental factors such as favorable demographics, growth of the middle-class and FDI. These trends will create tremendous growth opportunities for local companies and subsequently strong demand for corporate finance services. Although HSC is already a leading player in this business, in 2021, we will continue to invest to solidify our position. Particularly:

Client Relationship Management system to support us in identifying, approaching and maintaining relationships with our clients;

A Deal Flow Process Monitoring system to allow us to monitor the progress of deals more effectively

- We will strengthen our team both in terms of quality and quantity. This investment will allow us to cover our

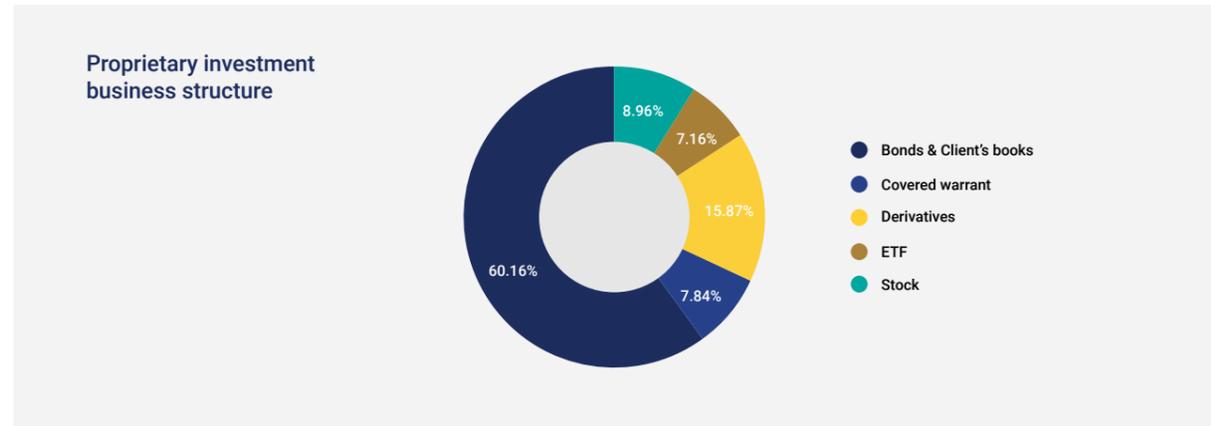
A dashboard system to help our performance reporting and monitoring efforts.

# HSC 2020 PERFORMANCE REVIEW (CONTINUED)

## INVESTMENTS

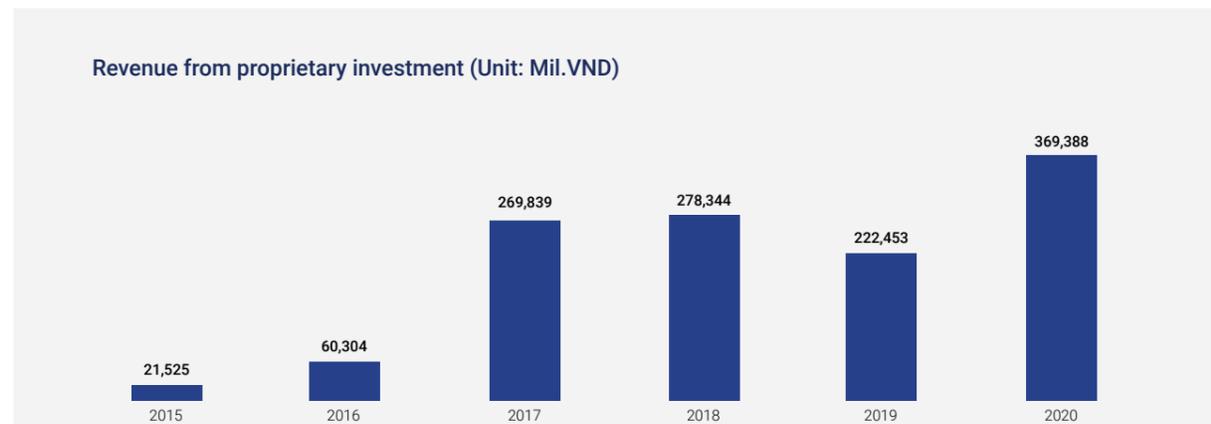
### Proprietary Investments

Proprietary investments (VND million)	FY 2020	FY 2019	% Change	Plan 2020	% Plan 2020
Revenue	369,388	206,001	79.3%	309,408	119.4%
Equities	33,094	20,414	62.1%	20,933	158.1%
ETF	26,454	3,018	776.5%	18,986	139.3%
Derivatives	58,639	52,688	11.3%	83,906	69.9%
Covered warrants	28,972	11,550	150.8%	18,007	160.9%
Deposit and bonds	222,229	118,330	87.8%	167,576	132.6%



Unlike the traditional proprietary investment model which is primarily driven by taking directional views of the market and on stocks, HSC's proprietary investment model aims to deliver diversified and attractive risk-adjusted returns. In particular, we seek to primarily use our capital resources to support

businesses such as ETF market making and covered warrants, block trades for the institutional client division and corporate bond investments, which are then partly redistributed to our retail clients. This internal co-operation helps us to generate safe and attractive returns for shareholders.



In 2020, Proprietary Investments generated revenue of VND369.3 billion, growth of 79.3% YoY. Growth was mostly attributed to higher deposit and bond revenue following the expansion of our balance sheet and our securities services and wealth management businesses. Income from ETF and covered warrants also delivered strong performances as they benefited from the surge in market trading value. Equities, the traditional asset class, while recording a strong performance with 62.1% YoY revenue growth, accounted for less than 10% of revenue, in-line with our business model and risk management practices.

### Treasury Management

In 2020, the Treasury Management department made tremendous efforts to serve the surge in demand for margin capital amid the strong increase in trading value of both existing and new clients. Driven by HSC's treasury management goal – "Availability – Safety – Efficiency" – and treasury management strategy towards efficiency, we were able to provide sufficient capital to cater both client demand and internal needs such as for the proprietary investments business even during the peak time at the end of 2020. The achievement was primarily attributable to our proactive planning of both shareholder capital and loans from local and foreign financial institutions for different business scenarios including what happened in 2020.

To prepare for and be aligned with HSC's growth plan in the coming years, the Treasury Management department will consistently pursue to the following strategies:



To leverage our strong reputation as a leading securities company to expand our credit relationships with prestigious financial institutions, both in Vietnam and globally.



To outline and execute a roadmap to increase our shareholder capital.



To fine-tune and standardize business planning processes and to monitor and report the capital management and deployment activities to support our decision making process towards accuracy and efficiency.

## OPERATING EXPENSES

Operating expenses (VND Million)	FY 2020	FY 2019	% Change	Plan 2020	% Plan 2020
<b>Variable expenses</b>	<b>458,885</b>	<b>305,758</b>	<b>50.1%</b>	<b>296,260</b>	<b>155%</b>
- Brokerage expenses	236,771	181,206	30.7%	165,636	43%
- Interest expenses	207,050	137,144	51.0%	130,624	159%
- Provision/ (Reversal of provision)	0	(23,573)	N.A	0	N.A
- Others	15,064	10,981	37.2%	0	N.A
<b>Fixed expenses</b>	<b>472,543</b>	<b>425,097</b>	<b>11.2%</b>	<b>434,442</b>	<b>109%</b>
- Salaries and related expenses	284,377	240,903	18.0%	257,226	11%
- Rent and IT expenses	140,864	121,713	15.7%	131,598	7%
- Other expenses	47,303	62,481	-24.3%	45,618	4%
<b>Total expenses</b>	<b>931,428</b>	<b>730,855</b>	<b>27.4%</b>	<b>730,702</b>	<b>27%</b>
% of revenue	58.5%	57.9%		56.3%	

HSC's total operating expenses increased by 27.4% YoY in 2020, mostly driven by variable expenses which grew by 50.1% YoY.

Brokerage and commission expenses and interest expense were the major variable expenses, accounting for 51.6% and 45.1% of total variable expenses in 2020, respectively. Brokerage and commission expenses are expenses payable to the stock exchanges and wealth management account executive team based on

client trading value. Accordingly, expenses increased in line with the securities service revenue growth of 28.8% in 2020. Interest expense increased significantly by 51% YoY in 2020 as HSC drew down more loans to meet the capital demands of clients. As a result, the short-term loan balance increased by 180.6% YoY, from VND2,394 billion in 2019 to VND6,717 billion in 2020.

Fixed expenses increased by 11.2% YoY, primarily due to higher salaries and related expenses. Compensation expenses rose by 18% as HSC made more provisions for employee bonuses and incentives. Rent and IT expenses rose by 15.7% mainly because of early termination fees paid upon relocation of certain office premises.

## BALANCE SHEET

Items (VND Million)	31/12/2020	31/12/2019	% Change
<b>A. CURRENT ASSETS</b>	<b>12,307,867</b>	<b>7,295,764</b>	<b>69%</b>
I. Financial assets	12,118,339	7,275,687	67%
1. Cash & cash equivalents	206,861	906,543	-77%
2. Financial assets	3,061,225	1,306,154	134%
3. Loans	8,623,842	4,734,497	82%
4. Other receivables	226,412	328,493	-31%
II. Other current assets	189,528	20,077	844%
<b>B. NON-CURRENT ASSETS</b>	<b>180,961</b>	<b>192,914</b>	<b>-6%</b>
I. Fixed assets	46,879	41,889	12%
II. Construction in progress	342	13,597	-97%
III. Other non-current assets	133,740	137,428	-3%
<b>TOTAL ASSETS</b>	<b>12,488,828</b>	<b>7,488,679</b>	<b>67%</b>
<b>A. LIABILITIES</b>	<b>8,048,473</b>	<b>3,184,536</b>	<b>153%</b>
I. Current liabilities	8,048,473	3,184,536	153%
1. Short-term borrowings	6,716,571	2,393,727	181%
3. Other current payables	1,331,902	790,808	68%
<b>B. OWNERS EQUITY</b>	<b>4,440,355</b>	<b>4,304,143</b>	<b>3%</b>
I. Owners' equity	4,440,355	4,304,143	3%
<b>TOTAL RESOURCES</b>	<b>12,488,828</b>	<b>7,488,679</b>	<b>67%</b>

## KEY RATIOS

Key ratios	31/12/2020	31/12/2019	% Change
<b>Operation ratios</b>			
Quick ratio	0.4	0.7	
Current ratio	1.5	2.3	
Total asset turnover	0.1	0.2	
<b>Leverage ratios</b>			
Total debt/ total equity	1.8	0.7	
Total debt/ total assets	0.6	0.4	
Financial safety ratio	658%	566%	
<b>Profitability ratio</b>			
Net profit margin	33%	34%	
ROAE	12.1%	11.5%	

In 2020, HSC's balance sheet expanded significantly by 67% YoY to VND12,487 billion. Loans to clients and financial assets are the two asset items that increased most. Given strong client demand for margin loans, we increased our lending portfolio by 82% to VND8,623 billion. Our financial asset portfolio increased by 134% to VND3,06 billion as we held larger underlying stock position to serve our market making and hedging activities. We financed balance sheet expansion mostly through short-term borrowing, which increased by 181% YoY to VND6,716.5 billion. That led to a higher debt to equity ratio of 1.8x at the end of 2020, compared with 0.7x at the end of 2019.

Thanks to the strong financial performance in 2020, we improved our return on equity to 12.1% from 11.5% in 2019.

We have identified a strong need to expand our capital base in 2021. As the stock market continues to grow, demand for margin loans and other investment services will increase accordingly. As at the end of 2020, our margin loan book was almost twice shareholders' equity, the highest level permitted under the regulations. Moreover, we believe that the potential upside in our covered warrants business, market making and hedging activities will also be limited without access to more capital. Therefore, we are seeking shareholder approval on a capital raising plan, which we expect to be completed in Q2 2021. We are highly confident in our capabilities to deliver exceptional performance in 2021 and beyond underpinned by our solid competitive advantages including our capital strength.



# OPERATIONS



## OPERATIONS



In the context of expanding international market integration, the market in 2020 was marked with deepened competition where many major foreign financial institutions set to conquer emerging markets, including Vietnam. HSC, therefore, faces major challenges in fending our achievements and positioning.

On the flip side of the coin, HSC also recognized the ample opportunities in the future as Vietnam's economy continues to grow positively, capturing the well-managed covid-19 crisis. HSC's total market share of stock brokerage, fund certificates and covered warrants reached 8.66% at the end of 2020, reaffirming our second position among Vietnam's leading securities companies. This achievement is the direct result of

HSC's commitment to constant innovation, product depth and breadth and excellent customer service, staying true to our philosophy of "Customer-Centric".

### Product-led strategy to acquire, activate, and retain customers

- At HSC, the "client first" philosophy is built in our continuous improvement of product and service design based on customer feedback. We understand our clients, their needs, and never cease to strive for high quality, better experience, more diverse services. The comprehensive process of designing products and services goes through vigorous steps and technology enabled execution: researching customer needs and state of the markets, product development, product administration, launching and trading, and after-sales services, through which client experience is always placed at the center.
- We understand that even with the best services and technology platform that allows HSC to reach an enlarged mass audience, clients ultimately are drawn to us for competitive products that meet their exact needs at

the point in time. HSC's "client first" therefore cannot be accomplished without prioritizing product research and development. Driven by clients' demand for an integrated wealth and investment management service, we have built a Wealth Management Service platform for retail clients:

- Corporate Bond Products underwritten by HSC catered for retail clients in 2019-2020, this product yields higher fixed return compared to savings deposit, while preserving capital in a highly volatile market situation due to the covid-19 pandemic. In 2021, we plan to enhance this asset class for our clients.
- Underwriting and trading of Covered Warrants (CW): The number of security codes listed on the market tripled, from 40 (2019) to nearly 120 codes (end of 2020). The transaction value of the whole securities market increased sharply, from VND 10 billion/day (2019) to VND 60 billion/day (Q4/2020). At the end of 2020, HSC has been offering 32 CW products, with market share is currently ranked 2nd among securities companies, accounting for 30%-35% of total market share.
- ETF Certificates: The market witnessed a boom in ETFs in 2020, when more ETFs were listed and traded on HOSE and new sets of underlying assets for ETFs were introduced beyond the VN30: (i) the number of ETFs increased from 1 code to 6 codes in 2020; (ii) 3 new sets of underlying assets issued, including VN Diamond, VNFIN Select, and VNFIN Lead. HSC currently conduct market making for two ETFs (E1VFN30 and FUEVFVND), with a total AUM of VND 14,600 billion as of January 14, 2021, accounting for 88% of the market. HSC's market maker activities provide 70% of liquidity for these two ETFs.
- Derivatives: The derivatives market continues to maintain its growth momentum in 2020. There were many investment opportunities in 2020 when the spread between futures and base indexes at times reaches 30-40 points, liquidity increased sharply, peaking at 160,000 contracts/day in 2020, an increase of nearly 80% year over year. HSC provides positions for our clients, up to 20,000 contracts (12.5% of the market), equivalent to the value of VN30 portfolio of VND 2,400 billion.

Amidst the increased complex and volatile market in 2020, HSC closed a successful year from the product pioneering standpoint. More clients are satisfied with our service and the HSC experience. In 2021, we will continue to test and roll out new investment products, especially those answering to our clients' request for wealth management services.

### Restructuring to achieve operation of excellent and revamp customer experience

Our mission is set to pursue a client focused strategy, looking for ways to continuously offer our clients more value and a better experience. We are confident that our approach can help us to achieve responsible growth: grow and win in the market, within our client focused strategy, within our risk framework and in a sustainable manner.

When looking back at 2020, the year is defined by the following three key decisions:



Restructuring of operating model to redesign a seamless and client focused customer experience.



Ongoing investment in the digital transformation of our firm



Continual pursuit and investment in products-led competency

2020 was an intensely challenging year in which we stayed true to our philosophy. Operationally, our team pushed through the business obstacles triggered by Covid-19 – uncertainty, volatility, and complexity – to effectively balance near-term profitability with driving strategic progress and helping solidify our competitive positioning. While we cannot predict what the future holds, we know that consistent growth is only made possible by managing for the long-term commitment and serving our clients with clarity and focus – regardless of the circumstances.

## OPERATIONS (CONTINUED)

In a measure taken to ensure HSC's resiliency, we have adopted the Target Operating Model (TOM), a blueprint that aligns operating capacities to strategic objectives, a model that we believe can help us to achieve our most important operating goal: maximizing clients' value and experience. Specifically, the new model allows HSC to leverage the same talents and know how but with improved processes and turn-around time, supported by robust application of technology.

In addition to the operation model reform, HSC also has taken steps to centralize our physical customer service activities, consolidating all transaction offices into one single flagship location as our center of service excellence. These transformations are driven by our clients' demand for highly professional and pioneering service as well as end-to-end customer journey. In a new normal where many activities can now migrate virtually, physical interface and customer service interactions have to be of unprecedented quality and experience.

### State-of-the-market technology leader

HSC's technological capabilities and systems are central to our business and are critical to our goal of providing the best execution at the best value to our clients. Full adoption of the TOM model cannot be achieved without the technology infrastructure and digitalizing the entire customer journey, for which HSC has been preparing over the years: reaching new customers; customer service information; post-transaction and transactional services include account opening, account activation, money transfer between accounts and banks, portfolio management, custody services, corporate actions...

The IT Department in TOM has been restructured from a stand-alone unit to incorporate in the overall Operation Division. This rearrangement allows IT to work directly and more integrated with other business and supporting units, serving as the backbone of the operating functions. HSC's early investment in and vision for our IT Department and its 40+ staffs has turned technology into our competitive competencies. In 2020, IT's work focused on 5 main areas: digital transformation, dashboard development, data analysis, application development, and information security. Thanks to the work, HSC was among the first in the market to offer eKYC (in trial) in 2020 and we are close on to launch the newly revamped version of digital platform named **myhsc** in Q1, 2021.

The operations at HSC require reliable, scalable systems that can handle complex financial transactions for our clients, but the heart of our technology strategy simply means

serving clients better. Better services at HSC can be understood in the simplest terms: When clients are able to interact with us as they prefer – live, on the phone, on their computer, or on their mobile devices; When clients can complete in seconds tasks that used to take minutes; When we can understand our clients' needs better than ever— and even anticipate their needs; And when we can reduce what it costs us to serve clients— and pass some of those savings back to our clients in the form of better value. In 2021, HSC plans to continue expanding our digital service capabilities, which enable us to enter the year larger, stronger, and more capable of serving clients than ever.

### Cyber Security is our priority

Yet continuing to differentiate our offerings through innovative technologies does not come without risks. In the era of digital and information technology, there presents the increasing risk arise from cyber security crimes including activities from computer attacks, cyber security breaches and data leaks, etc. HSC has continuously strived to strengthen our cyber security governance measures:

- HSC has implemented an Information Security Management System (ISMS) in accordance with ISO 27001:2013 to improve the overall security architecture through minimizing and eliminating identified security weaknesses. In addition, HSC also requires all employees to strictly comply with intellectual property rules to ensure the data safety across all functional departments.
- In 2021, HSC to deploy a center for 24/7 monitoring, controlling and handling doings that affect information security of the Company. The center serves to detect and handle potential risks and security incidents with speed and accuracy.
- HSC has also successfully built a Disaster Data Recovery Center to ensure the security of important data related to asset information, transaction information of clients and the Company.

HSC's state-of-the-market IT platform aims to provide the best client service in the industry. In the next phase, HSC will continually strive to provide our clients with the ability to customize their investing and trading experience. We provide our clients greater choice by offering features, functionality and safety to meet their specific needs. We are confident that, with the strength of technology, coupled with the persistent improvement to create client value and operation excellence, HSC has what it takes to successfully pursue the tremendous growth opportunities still ahead of us in 2021 and beyond.



# **RISK MANAGEMENT**

## BUSINESS CONTINUITY PLAN

HSC regards natural disasters such as earthquakes and typhoons, manmade disasters such as fires and terrorism, infectious diseases like coronavirus, system failures, and information asset leaks as the key types of crises that must be prepared.

HSC is committed to providing continuous customer service and support, however, we recognize that there are potential risks that could disrupt our ability to serve our clients. We are confident that we have taken the necessary steps that allow us to reduce or eliminate the impact of a business disruption. Particularly, the Covid-19 pandemic in 2020 highlighted the importance of effective and sustainable continuity planning for business resilience.

While many were still struggling to react, HSC promptly moved to form our approach in responding to the many challenges that Covid-19 has presented. A Covid-19 crisis management and business continuity plan has been established to help the HSC maintain sound operations and move towards 'business as usual' as soon as we are able to do so. Our continuity plan is designed to account for disruptions of various lengths and scopes, and to ensure that critical functions are maintained to meet their business objectives; core business groups operate from multiple sites; and dedicated teams in the IT Department ensure that

critical applications and data have sufficient redundancy and availability to minimize the impact of an event

HSC's business continuity plan (BCP) makes certain that the following aspects are accounted and prepared for:

- Effective, transparent, and responsive communication channels
- Contingency plans for affected work sites
- Clarity in the role that each department plays
- Steps to safeguard information security

The effectiveness of our BCP is maintained through periodic reviews so that appropriate updates are made to account for operations, technology, and regulatory changes. More importantly, drills are also organized to ensure that all employees are familiar with the process should an actual event occur. Other preventative measures such as wearing mask, hand sanitizing and temperature checking were insistently carried out throughout 2020 to safeguard the health of our most valuable assets, our employees and clients.

### CRISIS MANAGEMENT COMMITTEE

The Crisis Management Committee is chaired by a Chief Partnership Officer (CPO) appointed by the company's CEO, and comprises Head of Businesses/ Function Departments.

Resolutions passed by the committee are reported to the CEO. In the event of a major disaster, the committee functions as the Command Center to lead the company's response.

### BCP'S INITIATIVES

#### 1 Strengthen the company BCP's framework & process

- Maintain/enhance back up offices/Secure emergency response personnel
- Maintain/enhance emergency communication equipment
- Enhance telework environment
- Review and revise the Business Continuity Plan for different scenarios

#### 2 Periodic drills and training

- Employee safety confirmation drills
- Drills based on business continuity plan (BCP)
- Online trainings for all employees about BCP

## RISK MANAGEMENT IN THE NEW NORMAL

Financial crisis and economic uncertainties amid the Covid-19 pandemic present a major challenge to HSC's risk management model, which has been cultivated over the years. A culture of prudent risk management, a fundamental factor of the Company's core values and operating principles, was not built overnight but rather consistent efforts and prioritization embedded in HSC's DNA from the beginning. It requires focus on risk in all activities, across the three lines of defense, encourages the necessary mind-set and behavior to enable effective risk management, within the Company's risk appetite. Sustaining a culture of managing risk well throughout the organization is critical to the success of the Company and is a clear expectation of our executive management team and Board.

The main objective of risk management is to protect the financial health of HSC, while ensuring that HSC's capital is invested effectively to support business activities and growth. In 2020, with more challenges arose, from concerns about business continuity to cyber security, HSC's disciplined risk taking, and management stood the test of time, especially in rapid response to align with the new realities of the operating environment. The role of risk management continues to be driven from value addition perspective rather than merely a control function.

### KEY RISK MANAGEMENT ACTIVITIES HIGHLIGHT IN 2020

- HSC continued to improve the risk management framework under the "three-line of defense" model. The risks arose in 2020 have been well addressed.
- The policies and procedures initiated by each business unit were supported by risk management through reviewing and aligning with the Company's over risk management framework as well as applicable regulations to ensure a balance between risk taking and full compliance.
- Reviewed and updated current procedures and regulations to improve efficiency and risk management in implementing and to ensure compliance once the provisions of newly enacted laws become effective.
- Collaborated with the IT Department to develop business intelligence reports to ensure timely and accurate provision of standard reports.
- Worked closely with the Legal Department to provide inputs for draft documents guiding the implementation of the Law on Securities to take effect from January 1, 2021.

### PLAN FOR 2021

- Maintain risk oversight and update risk appetite according to the capital and asset structure reported on the 2020 financial statements 2020, and according to the 2021 plan.
- Focus on capturing and addressing key risks that may affect the Company's business activities.
- Review and update the Company's current processes and policies in order to comply with the new regulations effective in 2021, as well as actual business conducts.
- Remap the domain of authority (DoAP) according to the company's organizational structure, capital, assets and operating limits under the new Regulations of law.
- Develop 2021 inspection plan and adjust the inspection program in accordance with the new regulations.
- Leveraging the changes in the Law on Securities to advise and propose relevant departments to improve business activities.

## CHANGES DUE TO REGULATORY REQUIREMENTS



### CHANGES DUE TO REGULATORY REQUIREMENTS

The Vietnam's stock market is experiencing rapid and accelerating growth, requiring regulations to increase in the complexity. In addition, we are seeing a trend, both globally and in the local landscape where regulators change their corporate governance rules to adopt a more risk management-based approach.

At the end of 2020, early 2021, a series of new regulations have been issued and come into effect. Notable provisions and laws that take effect in 2021 include:

- The Law on Enterprises 2020 was enacted on June 17, 2020 and takes effect on January 1, 2021;
- The Law on Securities 2019 was enacted on November 26, 2019 and takes effect on January 1, 2021;
- And a number of decrees and circulars issued on December 31, 2020 to guide the execution of securities trading activities on the securities market.

HSC is well prepared and positioned to adopt the above changes, while strengthening our compliance with regulations on future stock and product market development.

Going beyond compliance requirements, the Legal Department at HSC also contributes to the development of legal documents related to the securities sector, adding values to both the Company and the market. HSC's notable contributions have been recognized in the completion of the Law on Securities, The Law on Enterprises and Decree 155/2020/ND-CP.

These new regulations will serve as the basis to foster fair and healthy stock market activities, in line with the general trend of the global market. The legal department has and will continue to make a positive contribution to the work of formulating policies, planning and implementing training courses for departments impacted by the newly issued regulations, thereby contributing to strengthening the culture of risk management and increasing risk and legal awareness, towards a sustainable and thriving development.

## INTERNAL AUDIT

Traditional internal audits focusing on checking compliance with established policies and procedures is whether appropriately and effectively sufficient to meet higher expectations of today's best practices. An effective internal audit function that creates value should be able to challenge the governance and risk management system that supports the Company's strategy. The Internal Audit function at HSC, acting at the third line of defense, provides independent assurance over the effectiveness of the risk management, internal control systems as well as improvement opportunities.

With the change of a series of legal provisions mentioned above, Internal Audit performs compliance reviews of the Company that not only are regulated by the applicable laws and regulations but also are impacted by the changing regulatory requirements in the upcoming years. By this methodology, the Internal Audit suggests recommendations on the adjustment of internal regulations of the company to ensure compliance with the law in the company's operations and help the company to limit the legal risks that may arise in the context of the changes in the legal regulations.

The Internal Audit approach moves beyond compliance and combines risk-based and performance-based auditing. The Internal Audit of HSC strives to create value to the Company, reaching to the next generation of best practice. Performance-based auditing aims to evaluate a high quality, value for money of the Company's operations to assure that its strategic objectives are being carried out, and more importantly point to areas where improvements can be made.

A case in point, in 2020, performance audit brought out the need to centralize and streamline operating functions in the face the Covid-19 pandemic coping and fierce competition as the business life cycle starts to enter the maturity phase.

### "BLENDED" ENGAGEMENTS

By consolidating elements of assurance and consulting activities, the efforts of internal audit are to add value and create efficiencies on our business activities as well as improve the Company's governance, risk management, controls, and compliance. Furthermore, the unique competencies and specialty skills which are necessary to fulfill the blending of the

two types of services, are available to the Company through the co-sourcing internal audit team. We continued to capitalize on the expertise of KPMG Vietnam in the joint engagement with the in-house auditing. The following internal audit projects were completed in 2020:

- Anti-Money Laundering Activities
- Human Resource Management Process for Private Client Department
- The audit follow-up result of Human Resource Management Process for Private Client Department.

In 2020, the objectives of the Internal Audit Department also focused on supporting proper implementation of internal digitalization, improving business processes, from manual to automatic. Particularly, the digitalization of the financial model, connected to HSC's trading platform required careful review in identify potential gaps for risk mitigation as well as opportunities for business growth.

### INTERNAL AUDIT ACTIVITIES IN 2021

In the context of HSC's newly adopted Target Operating Model (TOM) and accelerating digital transformation, internal audit activities have been planned to achieve the highest level of profitability growth and risk management in the most efficient and effective way by managing the multiple layers of transformation. Therefore, internal audit activities in 2021 will focus on the following projects:

 Annual Audit of Anti-Money Laundering Activities

 Operating Model of Finance and Accounting Activities (FTOM)

 Delegation of Authority Policy (DoAP)

The role of Internal Audit as a value-adding service will continue to be reinforced, contributing to provide our clients with quality, timely and secure services and experiences.

# SUSTAINABILITY





# INTRODUCTION



## HSC'S SUSTAINABILITY DEVELOPMENT OBJECTIVES

<b>Positive impacts - ECONOMY</b>	<ul style="list-style-type: none"> <li>To pursue stable and steady growth, thereby positively fulfilling financial obligations to the state.</li> <li>To ensure and increase employee income and benefits.</li> <li>To enhance shareholder's value through a stable dividend payment policy.</li> <li>To implement effective operational and financial risk mitigation strategies to protect the Company and its clients.</li> </ul>	<ul style="list-style-type: none"> <li>To apply the highest international practices in corporate governance and information disclosure to ensure the transparency to all stakeholders.</li> <li>To proactively contribute to the development of the capital markets such as to legal framework enhancement and new product development.</li> </ul>
<b>Positive impacts SOCIETY</b>	<ul style="list-style-type: none"> <li>To create jobs and stable income for employees</li> <li>To continuously invest in human capital toward to positively contribute to the Company and community.</li> <li>To always be driven by the "client-centricity" to constantly develop new products, services and systems and to meet all client needs</li> <li>To constantly improve the quality of customer services to enhance customer satisfaction and trust.</li> </ul>	<ul style="list-style-type: none"> <li>To actively carry out social responsibility activities primarily through long-term educational development initiatives.</li> <li>To fully and strictly comply with regulations and guiding documents from the authorities, fulfill all tax obligations, and actively contribute to the development of a civilized society.</li> </ul>
<b>Positive impacts ENVIRONMENT</b>	<ul style="list-style-type: none"> <li>To create a green &amp; clean working environment, minimize impacts of energy consumption and disposal in daily operation.</li> </ul>	<ul style="list-style-type: none"> <li>Positively participate in environmental protection initiatives through impactful communication and uses of environmental friendly products.</li> </ul>

## HSC'S SUSTAINABILITY DEVELOPMENT VISION

Since our first day in business, we have always based our business activities on economic, social and environmental aspects, which are crucial for our long-term and sustainable development and success.

HSC has been consistently pursuing sustainable corporate objectives that are aligned with our vision: *"To become one of the most admired, trusted, and valued financial institutions, and be an active contributor to the economy and community in Vietnam"*. HSC's

sustainability development model is based on delivering positive impacts to stakeholders in three areas: **Economy, Society and Environment**.

In 2020, HSC continued to develop Integrated Sustainability Report with reference to the standards of Sustainability Reporting Guidelines of Global Reporting Initiatives-GRI (an upgraded version of GRI4). This is the highest global standard which instructs corporates to develop sustainability report in an effective, convenient, and transparent manner.

HSC's 2020 Sustainability Report covers strategic directions in attaining sustainable development in the coming years and reflects important sustainability milestone achieved in 2020. The report gives shareholders and investors a comprehensive overview of the vision, strategies and achievements of HSC's sustainable development.

## HSC'S SUSTAINABILITY DEVELOPMENT MODEL

We build our sustainability development model upon an ultimate goal of delivering positive impacts to stakeholders in three areas: **Economy, society and environment**. That goal will guide our efforts in the development of HSC's sustainable development strategy including determining roles, responsibilities and actions to be taken.

## HSC'S SUSTAINABILITY DEVELOPMENT MODEL

<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>Set general strategic guidance on sustainability development plan.</li> </ul>	<ul style="list-style-type: none"> <li>Approve goals and action plans.</li> </ul>
<b>CEO &amp; Management Team</b>	<ul style="list-style-type: none"> <li>Set plans and targets of sustainability activities and submit them to the Board of Directors</li> <li>Communicate sustainability strategies, goals and plans to all stakeholders</li> <li>Assign and empower to each division and department to implement action plans in accordance with their roles and responsibilities.</li> </ul>	<ul style="list-style-type: none"> <li>Closely monitor to ensure all plans are implemented and all goals are achieved</li> <li>Provide necessary supports and solutions on obstacles and risks to relevant departments and divisions in a timely manner.</li> <li>Report to the Board of Directors progress and results of the plans.</li> </ul>
<b>Divisions and departments</b>	<ul style="list-style-type: none"> <li>Carry out the sustainability action plans in accordance with their assigned responsibilities.</li> <li>Perform daily tasks related to HSC' sustainable development goals.</li> </ul>	<ul style="list-style-type: none"> <li>Actively contribute initiatives to improve the sustainable development plan.</li> </ul>

## SUSTAINABILITY REPORT IN 2020

### OBJECTS AND TARGETS OF SUSTAINABILITY DEVELOPMENT ACTIVITIES

Making broad and extensive impacts on the economy, society and environment is HSC's long-term goal. In 2020, we also identified specific stakeholder groups as below, whom we believed to benefit the most from our sustainable development activities. Particularly:

Stakeholders	Objectives of HSC' sustainable development activities
 <b>CLIENTS</b>	<ul style="list-style-type: none"> <li>Building HSC brand as the most trusted securities company in the industry</li> <li>Continuing to develop and bring in high-quality financial products and services</li> <li>Improving client service quality through the establishment of Client Service Centre with convenient facilities, automated processes, well-trained professionals and excellent services.</li> </ul>
 <b>EMPLOYEES</b>	<ul style="list-style-type: none"> <li>Offering employees competitive compensation and stable source of income</li> <li>Digitalizing human resource management system</li> <li>Creating a motivating and engaging working environment</li> <li>Nurturing and developing our talent</li> <li>Attracting talent for business development</li> </ul>
 <b>SHAREHOLDERS, INVESTORS</b>	<ul style="list-style-type: none"> <li>Pursuing stable and steady growth</li> <li>Respecting shareholders and enhancing return on their capital</li> <li>Being transparent in information disclosure</li> </ul>
 <b>COMMUNITY</b>	<ul style="list-style-type: none"> <li>Creating stable jobs to support economic development</li> <li>Training and utilizing local human resources</li> <li>Contributing to society through educational development and philanthropy activities</li> </ul>
 <b>AUTHORITIES</b>	<ul style="list-style-type: none"> <li>Complying with all laws, regulations and guidelines provided by authorities</li> <li>Fulfilling obligation and responsibilities</li> <li>Contributing to market development</li> </ul>

### REPORT OF HSC SUSTAINABILITY DEVELOPMENT INITIATIVES

#### Positive impacts – ECONOMY

##### Clients: "Client centricity" plays a central role in everything we do

HSC has endlessly developed and implemented initiatives such as the following in order to introduce new products and services that bring the highest satisfaction to clients:

##### Client behavior insights

- Understanding our clients both in terms of their demographic information such as age, gender, occupation and geographic location and financial situation such as income and total asset is the first step we take in our product and service development and enhancement process.
- Besides using our own historical database to analyze and understand demand of our existing clients, we also use analysis of professional consultancy companies on client behavior and emerging trends to build a database of prospective clients.
- The Covid-19 pandemic has caused a structural change in the behavior of our clients, especially towards the use of online services. In light of that, HSC has proactively implemented various digital transformation initiatives that will allow us to retain existing clients and attract new clients.

##### Client segmentation

- Leveraging insights of client's behavior and demands, HSC has segmented clients using specific criteria. Clients are grouped to different client segments ranging from standard to priority segment. Clients in different segment

will be offered different levels of services and benefits with prioritized client segment enjoy more benefits in addition to the benefits offered to clients in the standard segment.

- HSC reviews and revises client segmentation process on a regular basis to ensure that our policies are transparent and our clients, both existing and prospective, can access to all services and benefits.

##### Design and customize products and services for each client segment

- HSC clearly defines target client segments and analyzes their behaviors and demands. That allows us to design and customize features of our products and services to cater all demands of clients in all segments.
- HSC has always been a pioneer in developing new investment products to clients. More importantly, we take into account our client interest when we design new products and services to ensure all client risks are mitigated. The endless efforts were rewarded as we hold leading positions in new products, including futures, covered warrant and corporate bond.
- The securities industry has been more competitive as many companies pursue price competition strategy on both securities service fee and margin lending rate. However, at HSC we believe our efforts in offering clients well-customized products and dedicated services to help clients minimize risks and create sustainable value will be paid off and help us solidify our leading position in the market.

## SUSTAINABILITY REPORT IN 2020 (CONTINUED)

### We constantly measure client satisfaction to drive our product and service development efforts

We highly appreciate and seriously consider client's feedback as invaluable inputs for the designing and enhancing of our products and services. In 2020, HSC launched the Client Service Centre as the "front line" to serve all inquiries and feedback from clients on new account registration and on our products and services. Clients can come to the Client Service Centre in person or contact us directly via hotline, email or online applications. All client inquiries and feedback will be received and responded promptly

within a committed timeline by a team of well-trained customer service executives.

In addition to client's feedback received on a daily basis, HSC periodically conducts surveys to sales team and clients in target client groups to acquire their comments, feedback and expectation on our products and services. These collected information is processed, analyzed and stored in database built upon most advanced and secured platform. The stored data is then used to develop and improve HSC's operating processes, products and services in order to enhance our client experience.

### Client-engagement enhancement initiatives

We deeply understand the importance of having our clients use and trust our products and services on a long-term basis. Therefore, in addition to initiatives to attract new clients, we are developing HSC Loyalty Program through which we offer clients in different segments, based on their financial capabilities and trading value, different benefit packages. We believe this program will help us strengthen the relationship with existing clients and gain traction from prospective clients.



### Strong commitment on people development

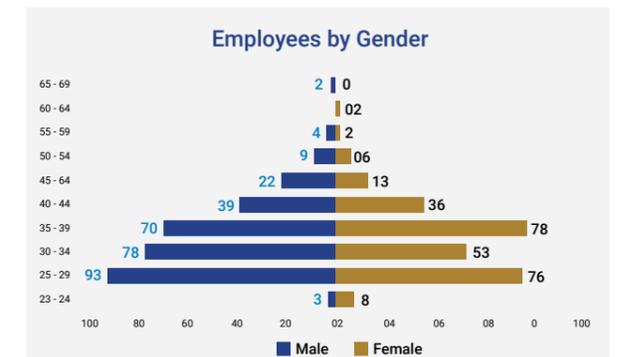
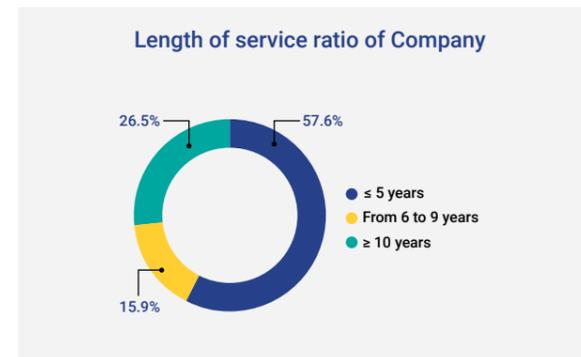
#### Ensure competitive and stable compensation with advanced benefits to employees

- Employee salaries, bonuses and benefits are critical factors in HSC's human resource management and development plan, helping us to motivate and grow our people. We based employee compensation on productivity and contributions of each individual to HSC's overall achievement and performance.
- In 2020, the Covid-19 pandemic caused negative impacts on the economy in general and businesses across sectors. However, HSC still not only maintained competitive compensation and benefit packages for our employees but also offered them compelling incentives and salary

acceleration based on their contributions and HSC performance as aligned with our policies. That proves HSC's strong commitment in human capital development.

- Besides the basic employee benefits regulated by law such as social insurance, unemployment insurance, health insurance and regular health check-ups, HSC also offers our employees additional benefits like accident and life insurances, high quality annual healthcare program, personal day-off policies and flexible working hours to enhance employee work-life balance which consequently benefits our employee retention and talent attraction efforts. In 2020, we added new benefits such as Covid related insurances to our existing healthcare and insurance programs to offer our employees more comprehensive health protection and enhancement benefits.

Description	2020	2019
Salaries	174,180,269,605	168,938,720,045
Social insurance, health insurance and union fee	22,008,531,100	21,792,060,352
Unemployment insurance	1,301,313,600	1,263,752,600
Remuneration	164,069,223,042	106,258,169,671
<b>Total</b>	<b>361,559,339,367</b>	<b>298,252,702,668</b>



Together with reviewing and adjusting employee benefits on a regular basis, in the following years, HSC will continue to analyze and construct market competitive salary packages and renew our salary, bonus and incentive policies as well as review our ESOP program. We will also standardize our salary and benefit approval process to adapt with new market conditions.

With those action plans, we aim at increasing staff loyalty and motivating employees to deliver stronger performance in a fairly competitive working environment as well as creating major and considerable incomes to employees. The plans and policies; however, must be aligned with HSC's culture and internal policies and our long-term development goals.

## SUSTAINABILITY REPORT IN 2020 (CONTINUED)

### Digitalize human resource management

Digitalizing human resource management is to automate and digitize human resource database and management processes on a real-time basis. This trend has been emerging globally at a fast pace. In light of that trend, HSC has been developing our Human Resource Information System (HRIS) since 2018, which allows employees access and execute relevant human resource processes in the most convenient and optimal manner.

In addition to basic works such as timesheet and work travel preparation, the HRIS system also assists our employees to execute other tasks such as leave application, travel registration, payroll review and income tax finalization without having to go through paper-work processes. The approval process is also executed on the system and results are notified by emails. The HRIS system uses OTP technology and therefore has high level of security while offers users convenience.

With the upgraded version, the HRIS system will continue to assist our standardization progress of human resource management including labor contract, employment history and internal relocation works.

### Motivating employees and developing a cohesive working environment

Fostering a sustainable performance culture is essential for HSC to remain competitive in this evolving world. The Human Resources (HR) function plays a critical role in defining and fostering key organizational factors, enabling and ensuring sustainable value creation and thus underpinning the Environmental, Social and Governance agenda. This includes our positive impact in areas from employee engagement, working environment, diversity and

inclusion fostering, talent pipeline investment, workforce development, fair and transparent remuneration.

Vital elements of a successful working environment and a sustainable performance culture are the freedom to speak up and trust among colleagues and within an organization. Equally important are accountability and collaboration among employees.

Sustainable relationships, open communication and learning from feedback are the key needs for building a positive working environment. We have therefore made yearly dialogs between managers and employee as a central feature of how we manage and develop career performance sustainably via HSC Employee Performance Management Program (EPM). This is the continuous process of improving performance by setting individual and team goals which are aligned to the strategic goals of the organization, planning performance to achieve the goals, reviewing and assessing progress, and developing the knowledge, skills and abilities of people. The program has been successfully implemented from 2018 until now.

In 2021, we plan to launch the **Employee Performance Management System**, which will help us achieve the ultimate goal of high-performance company culture by creating a light-touch framework for developmental discussion. The framework is supported by balance score-card goals and real-time feedback.

To further foster a motivating and engagement environment, we will introduce **2021 Employee Engagement Survey**, to gauge the levels of engagement amongst the employees in our organization. It is important to understand how engaged our employees are and what is their feedback on the entire process. Employee engagement survey and the analytics obtained thereby are the keys to creating a positive workplace culture, increasing employee productivity and creating a happier and satisfied workplace. In addition to addressing human capital management issues, taking this broader perspective means that the improvements resulted from the employee survey are able to translate into broader business goals, such as improving customer service and optimizing overall organizational performance.

### Nurturing and developing talent

At HSC, we consider training a pre-requisite factor in human development strategy, helping our employees to develop professionally and advance their careers. We strive to create an engaging, personalized and varied learning experience which are accessible to all employees, at every stage of their career. With this direction, we launched the digital learning platform HSC E-learning Centre in 2020 to pave the foundation for transforming our employees' learning experience going forward.

In 2020, HSC E-learning Centre allowed HSC employees to access to online courses with flexibility on time and locations, helping us increase the number of participants since the launch of the platform from 15% to 98.7%.



In total, HSC E-learning Center offered over 6 key learning topics with more than 1,635 videos, 542 documents were accessed directly anytime through electronic devices such as:

1. **On-boarding Courses:** are designed to acclimate individuals who are newly hired or transferred from within to new positions
2. **HSC Product Courses:** are designed to bring the deep

understanding about company products, these help employees serve our customers better.

3. **Professional Securities Courses:** are designed as mock tests, employees can practice before real examinations.

4. **Soft Skills:** are a combination of people skills, social skills, communication skills, character or personality traits, attitudes, career attributes, social intelligence and emotional intelligence quotients, among others, that enable people to navigate their environment, work well with others, improve performance in the workplace.

5. **Leadership & Management Courses:** are specialized programs designed to help employee learn new leadership techniques and refine old skills to run their team, including assertive communication, motivation methods, and coaching.

6. **Digital Transformation Knowledge Courses:** programs that to answer the question "what in the world is digitization?" from the concept, framework, trends and case study so that employees can understand and apply to their jobs.

HSC's training courses are developed and re-designed with flexibility to cater various personal development needs of our employees. In 2020, we organized a number of training-related activities to promote learning culture at HSC including the Learning Star Awards which were available for the most active learners and teaching assistants who volunteered to share their knowledge and experience with peers.

In 2021, HSC E-learning Centre aims to provide more courses, videos, articles, podcasts. We tested and implemented a virtual coaching solution in 2020 and will continue to pilot new technology in 2021. Training resources such as management playbook and group development training materials will be available to leaders to enhance their skills.

Additionally, our training materials and courses will be customized to meet personal development needs of each employee and to enhance their learning experience. Our training courses are also constructed comprehensively and practically so that employees could apply what they learn to their current and future jobs.

## SUSTAINABILITY REPORT IN 2020 (CONTINUED)

### 2021 talent attraction strategy

In 2021, we will conduct relevant internal and external research to develop a new Employee Value Proposition (EVP), which will outline what make HSC unique and what current and future employees can expect in terms of career opportunities, culture and people at HSC. In the upcoming time, we will bring these value propositions to life through our employees, who will share stories on digital and social platforms, both internally and externally, to help us

attract the best talent. We know that the success of our organization is built upon the quality of our employees, so we care deeply about our people and their career paths and further enhance HSC image as one of the best places to work in Vietnam. We aim to reach and engage with potential employees via their preferred social media channels.

Also in 2021, we will utilize advanced technology to digitalize our recruitment process. We believe that will create a positive impact on our recruitment process as the digitalization of recruitment activities enables us to better manage our talent sourcing, selecting and on-boarding across professional, experts or graduate hiring more effectively.

### Investors – maximizing shareholders' values

#### Strong and sustainable business performance

As at 31 December 2020, HSC had 9,994 shareholders including 138 institutional and 9,856 individual shareholders. In order to demonstrate company's commitment to maximize shareholders' values and benefits, HSC has consistently maintained an attractive cash dividend policy of from 12% to 25% par value since the stock listing in 2009. In 2020, HSC paid VND366 billion of cash dividend, which translated to a dividend payout ratio of 50%.

#### Transparent information disclosure

To ensure the transparency of information to investors, HSC has a complete, accurate, timely information disclosure process and strictly complies with the Circular 155/2015 / TT-BTC of the Ministry of Finance and updates according to Circular 96/2020/ TT-BTC effective from 01/01/2021.

On a quarterly basis, HSC holds meetings with investors and media partners to provide the stakeholders updates on the Company's quarterly business and financial performances. Disclosed information is available both in English and Vietnamese and circulated to shareholders via email to help shareholders easily access official information, thereby assisting shareholders in their decision-making process.

#### Fair treatment and protection of shareholders' interests

HSC dedicates significant resources to Investor Relations activities to preserve our shareholders' rights and to facilitate their access to relevant and accurate information about the Company in a timely manner. Investor Relations activities are handled by the Communication Department. Through annual general meetings and annual reports, HSC shareholders are well informed of the Company's business performance as well as strategic developments, including sustainability development initiatives.

Other rights of shareholders such as participating and voting at the General Meeting of Shareholders, voting absence votes and electing and dismissing members of Board of Directors are guaranteed. HSC's corporate governance regulations clearly stipulate the fair treatment among shareholders, with no preference for any shareholder, and the number of votes is determined based on the number of shares owned.



## SUSTAINABILITY REPORT IN 2020 (CONTINUED)

### Community – We play an active role in developing community and society where HSC operates

At HSC, we are deeply aware of our responsibilities to contribute to the development of community through:

- Creating stable jobs for employees, through which, support economic development
- Training and utilizing local human capital. HSC is cooperating with universities, colleges to organize training courses, orientation seminars to help students prepare and develop their skills.
- Participating in philanthropy and education activities.



The project "Go to school" to support poor schools in the Central region.

This project is a charity trip to the highland Truong Son commune in Quang Ninh district, Quang Binh province to support people and students whose lives were impacted heavily by the historic flood in 2020. HSC had raised fund to rebuild damaged schools in the commune to re-equip school stationery to revive educational conditions for teachers and students.



The project "Accompany the Central people" to support those affected in the historic flood in 2020.

At the end of December 2020, HSC joined hands with HOSE and other securities companies to organize a charity trip

to Gio Linh commune in Quang Tri province. Located in the central region, Gio Linh was severely damaged by the 2020 historic flood and landslide. The team visited and gifted financial supports to difficult families to help them rebuild houses, restore businesses and resettle their lives.



The "PCD Prosperity Fund"

Established since November 2018 with the "Sharing Love, Nurturing Prosperity" mission, the Fund has connected charity and philanthropy enthusiast who want to help children – the future of Vietnam – access better education and have better lives.

In the last 2 years, the Fund organized total 24 philanthropy events across Vietnam such as Ben Tre, Tien Giang, Dong Nai, Lam Dong, Dak Lak, Dak Nong, Ca Mau and gifted to orphanages and safe houses where are taking care of disadvantaged children. In addition to gifts, necessities of daily uses and books, we hosted educational activities, from which the children could learn important life skills.

Some major projects of the Fund in 2019-2020

- Charity Night: raised VND950 million to build the Cha Lang school, Huu Khuong commune, Tuong Duong district, Nghe An province.
- Charity Fair: raised VND250 million to help build 04 residential bridges in Thanh Phu (Ben Tre), Cai Nuoc (Ca Mau) and Chau Thanh (Dong Thap).
- The Fund also accompanied to help poor and homeless people whose lives were impacted heavily by the Covid-10 pandemic and support people in the western provinces to tackle drought and people in the central provinces to overcome the flooding season.

In 2021, besides monthly activities, the Fund will continue to pursue its target - to build at least one school to allow children in poor provinces to access better education quality.

### Authorities – strictly comply and positively contribute

*Adherence to laws, regulations and instructions set forth by the authorities.*

Compliance with laws and regulations related to the capital markets is embedded in HSC's culture and therefore is committed by Board of Directors, Board of Management and all employees. We are deeply aware of the risks and consequences of failure to comply with socio-economic laws and regulations including operation disruption, financial penalty and reputation damage, which will lead to unsustainable development. Therefore, HSC's Board of Directors and Board of Management pay special attention to this issue and accordingly any legal risks due to intentional violation will not be tolerated.

In 2020, all HSC employees strictly complied with the regulations and laws on corporate operations. HSC did not record violations of socioeconomic laws and regulations.

#### Contribution to the State Budget

Fulfilling financial obligations with government is part of HSC's commitment to contributing to the development and stable growth of the Vietnamese economy and society. HSC's total contribution to the State Budget in 2020 was over VND314 billion including corporate income tax and individual income tax on dividend advanced to investors. HSC's position in the V1000 – the list of top 1,000 corporate income tax contributors in Vietnam has been higher year by year primarily because of our greater contributions. Particularly in 2019, HSC was ranked 275th amongst the largest contributors to the State Budget.

#### Taxes and payables to State Budget

#### Contribution to market development

Year	2013	2014	2015	2016	2017	2018	2019
Rank	179	145	108	250	160	95	275

Realizing the importance and the strong potential of the stock market as well as the need of having good securities

products in the future, HSC has actively contributed to the securities law development process. We are proud that our significant efforts contributed to the completion of the Securities Law, the Enterprise Law as well as related legal documents. Particularly:

- Providing advices on the Enterprise Law 2020 and Decree 155/2020 relating to Non - Voting Depository Receipt (NVDR). This is a type of securities that offers full economic interest and obligations proportional to the underlying ordinary shares, excepting for rights to vote and involve in corporate leadership and strategic decisions. This product is expected to help attract foreign capital into companies that have no more room for foreign ownership.
- Advising and suggesting the implementation of CCP model which clearly states that the clearing of securities transactions is done according to the central clearing partner rules through the Vietnam Securities Depository.
- Advising and suggesting modifications of the Securities Law relating to the expansion of definitions of professional investors, strategic investors, inside shareholders and related parties; the foreign ownership ratio in public companies and the issuance of securities and financial products. Those are aimed at enhancing the corporate governance standards of public companies, attracting foreign investors and eventually developing the stock market.

These new regulations are extremely important as they will be an integral part of the legal basis that securities companies including HSC have to comply with when pursuing their businesses on the stock market. Therefore, HSC is proud of our contributions to the development of the laws and regulations towards best practices in global stock markets as we believe our efforts are beneficial to a strong and sustainable growth of the Vietnamese stock market. Internally, HSC's legal department has also been actively providing necessary training courses for relevant departments on newly enacted regulations; thereby reinforces employee regulatory compliance mindset, which is important for the sustainable growth of our business.

## REPORT OF THE BOARD OF DIRECTORS



### 2020 PERFORMANCE EVALUATION BY THE BOARD OF DIRECTORS

#### Evaluation of 2020 performance by the board of directors

##### *The Vietnamese Stock Market in 2020*

In 2020, the global economy witnessed substantial disruption and difficulties caused by the Covid-19 pandemic. As a result, the global economy fell into recession as many countries posted negative economic growth and the global financial market experienced significant chaos and faced lingering uncertainties.

Despite facing the huge challenges, Vietnam was able to not only contain the virus but also grow its economy in 2020. With the GDP growth of 2.9%, Vietnam was among the top 16 most successful emerging markets and among the top 10 highest growing economies in the world. That macroeconomic performance was

beneficial for the Vietnamese stock market, one of the most resilient and best-performing stock markets globally. The VN-Index posted a gain of 14.9% in spite of historic downs and ups during the year. The surge in liquidity was another spot light of the Vietnamese stock market in 2020 with daily average trading value increased strongly by 59.3% YoY to VND7,240 billion, a record level. New individual investors, who opened 393,659 accounts in 2020, contributed considerably to the increase in market trading value.

##### *HSC's Business Performance in 2020*

HSC delivered solid business performance in 2020 on the back of the strong recovery of the stock market. The Company achieved total revenue of VND1,591 billion, or an increase of 26% YoY and 123% of the approved guidance. Profit after tax increased by 23% YoY to VND530 billion, which was equal to 117% of the approved guidance.

HSC's market share in the securities services market in 2020 was at 8.0%, which was lower than 9.8% in 2019, while HSC's market share in the derivatives market increased to 10.4% from 8.7% in the year before.

#### BoD Supervision of the Chief Executive Officer and Board of Management

In 2020, the BoD maintained close supervision of activities of the Chief Executive Officer ("CEO") and Board of Management ("BoM") in implementing the resolutions approved by the AGM and BoD, with details as follows:

#### Methods of Supervision

The BoD and the Supervisory Board ("BoS") cooperated closely to supervise HSC's business operations. This high level of understanding has enabled the two boards to support and guide the CEO and BoM in implementing the corporate plan and fulfilling their core responsibilities.

Representatives of committees of the BoD presented regularly at BoD meetings as below:

- The Risk Management Committee reported on all significant risks, in each quarter, in the first half and in the whole year, and proposed recommendations and necessary actions for risk mitigation.
- The Internal Audit Committee reported on the number of internal audits conducted in each quarter, in the first

half and in the year 2020 including the audit findings, and any audit recommendations to strengthen internal environment and to ensure that internal audit system operates effectively.

- The Remuneration Committee reviewed, evaluated, and approved compensation, benefits, and remuneration policies for 2020.

The BoD and the BoS assessed feasibility of action plans and recommendations, thereby proposing solutions that were more practical and appropriate for the Company's operations.

The BoD issued resolutions after each periodic and ad-hoc meeting to approve quarterly, semi-annually, and annually business results and business plans and other business matters under the BoD's authorization. At the same time, the BoD also provided strategic guidance, assessments of the market and overall economic circumstances to support reviews of business plans for upcoming quarters. The CEO, the BoM and the BoD maintained regular communication and interaction throughout the year. That collaborative approach supported the implementation of policies and supervision of results of those policies to ensure that the overall objectives of HSC were achieved.

#### Supervision Results

The summary of 2020 financial performance is as follows:

Unit: VND Million

Target	FY2020	FY2019	% Change	FY2020 plan	% 2020 Plan completion
Revenue	1,591,734	1,262,261	26%	1,297,586	123%
Profit before tax	660,305	531,406	24%	566,883	116%
Profit after tax	530,452	432,565	23%	453,507	117%

#### Conclusion

In accordance with HSC's Charter, policies and procedures, the BoD authorized the CEO and BoM to implement and manage day-to-day operations of HSC, and to ensure the deployment of resources to pursue strategic decisions that were aligned with approved business plans. Through the mechanism of reporting on periodical inspection, supervision, financial performance, the daily operation of the Company, and reporting on unexpected affairs as required, the BoD concluded that the CEO and the BoM successfully and compliantly exercised their rights and duties in accordance with the prevailing laws, as well as the Company Charter and other resolutions as discussed in the FY2019

AGM. Additionally, the BoD exercised its assigned rights and responsibilities in a manner that was prudent, professional, and demonstrated integrity to ensure the maximum legitimate interests of the Company and its shareholders were attained. Moreover, the CEO and the BoM made their best efforts to deliver and exceed the business objectives approved by the FY2019 AGM. At the same time, the CEO and the BoM also well achieved an important accomplishment - to further fortify the already-solid business environment at HSC where the main focuses were sustainable development, strong corporate governance, and the enhancement of risk management enhancement and control.

## REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

### The Vision and Strategic Plans of the Board of Directors

The challenges and uncertainties caused by the Covid-19 pandemic are expected to linger in 2021. However, with the government's experience in containing the virus and stronger fundamentals, the Vietnamese economy as well as the stock market is well-positioned to capture new opportunities.

The stock market in 2021 is believed to be driven by the following factors and themes:

- The timeline of widespread vaccination.
- The stability of the operating systems of HOSE and HNX.
- The strong headroom of the covered warrant business.
- The derivatives market is expected to grow considerably as more investors realize its benefits as an effective hedging tool when the underlying market is volatile.
- The emerging local ETFs as an effective investment product for both local and foreign investors who pursue passive investment strategy.
- The Vietnamese listed companies will account for the largest proportion in the MSCI Frontier Markets index, helping Vietnam to attract sizable capital inflow from foreign investment funds which track the MSCI Frontier Markets 100 index.
- The rigorous legal framework for the capital markets including the Securities Law, the Law on Enterprises, the Law on Investment as well as other documents guiding implementation of relevant laws will contribute significantly to the development and transparency of the Vietnamese stock market and investment products. Those will benefit the monitoring and management of the stock market and subsequently help protect investor interests, facilitating capital raising activities of corporates and then healthy development of the market.

The Covid-19 pandemic, though creating unprecedented challenges, forced businesses to uncover their strengths and transform their operations to survive and grow. In light of the aforementioned assessment of the stock market as well as opportunities in 2021, the BoD will focus on the following strategies:

- Build business growth strategies upon digitization to stay ahead of the emerging trend in the stock market and to create positive operational changes.
- Solidify the core strengths of HSC to further enhance its competitive advantages, positioning it well to capture structural trends and opportunities in the market. Specific initiatives include a comprehensive talent development strategy and a strong push to digital transformation that, collectively, allow HSC to seize opportunities and mitigate identified risks.
- Further enhance corporate governance and risk management in the financial management, accounting and internal auditing processes and strengthen the capabilities and roles of committees under the BoD and members of the BoD.
- Develop a strategic plan for corporate social responsibility activities to further enhance the transparency as well as the competitive advantages and sustainable growth of HSC.

### CORPORATE GOVERNANCE IN 2020

HSC believes that strong corporate governance is one of the key factors for building a solid corporate foundation that delivers sustainable business value, enhances long term competitive advantages and reputation of companies. Having these strengths will facilitate companies' capital market access, which in turn supports growth of the capital markets and the economy.

HSC's approach to strong corporate governance is to promote a culture of shared belief, transparency and accountability, which are crucial for the Company to pursue long term growth, financial stability and business ethics.

We have strong commitment to the excellence in corporate governance standards, which we believe the foundation of the development of our business. In order to maximize corporate value, HSC focuses not only on achieving business development goals for revenue and profit growths, but also on enhancing our corporate governance in line with international best practices. The combination of growth strategy and good corporate governance will help us maximize our resources and effectively exploit opportunities to create sustainable value in the long run.

### Board of Directors

The BoD is responsible for ensuring that the best corporate governance practices are applied throughout the Company. The BoD has been and is going to implement the best corporate governance standards from the highest level of management board to every HSC employee as the foundation to achieve the Company's goals. Not only that, it is empowered by HSC to carry out its role and responsibilities and fulfil its obligations to shareholders, as well as to enhance corporate value.

HSC's BoD is accountable to the shareholders for the operations of the Company. The BoD is mandated to not only fulfil its roles and duties in formulating growth strategies for the Company and managing risks facing its operations, but also be the pioneers in promoting HSC's corporate culture and values both internally and externally to the shareholders and other stakeholders.

### Members of the Board of Directors

HSC's BoD comprises seven (07) members, including the Chairman, six (06) non-executive Directors.

All members of HSC's BoD are senior executives, who have strong managerial capabilities and in-depth knowledge and experience in law, corporate finance, and capital markets. The structure of HSC's BoD has a good balance of non-executive members.

### Activities of Non-executive and Independent Members of the Board of Directors

#### Assessing the independence and tenure of independent members of the Board of Directors

The independence of a member is not based on the length of time served on the Board of Directors, such as five (05) or nine (09) consecutive years, as stipulated by Vietnamese statutes. There are many other factors including the skills and knowledge, quality of advice, experience, ethical standards, and especially integrity and objectivity. The strengths of

independent members are their understanding and insights regarding the core business, and their depth of analysis and critical thinking in making the right decisions.

There are two independent board members, Mr. Do Hung Viet and Mr. Pham Nghiem Xuan Bac, who have served more than 10 years, and have exceeded the statutory limit of nine years. After consulting the current legal regulations, as well as international practices, HSC's BoD recognizes that the independence of the two members in making decisions related to HSC operations remained intact. The board members have still been able to review HSC's operations and to make recommendations from an independent perspective. Additionally, they have made valuable contributions to the development of the Company. Therefore, the Company decided that, even though the re-appointment of these two members was not in compliance with the current regulations on independent members of the Board of Directors, in terms of nature, they do play an important role as independent members of the Board.

HSC always wants to comply with the prevailing regulations on the number of independent BoD members in listed companies. Also, HSC evaluates the independence of the members of the BoD from the perspective of their roles and contributions to the development of the Company. Therefore, the list of BoD member candidates in the V term (2021-2025) that will be presented for shareholder approval in the upcoming 2020 AGM includes two independent members.

#### Assessing the independence non-executive members of the Board of Directors

The non-executive members of HSC's BoD are representatives of two major HSC shareholders: Ho Chi Minh City Finance and Investment State-owned Company (HFIC) and HSC's strategic investor, the Dragon Capital Group (DC).

HSC's assessment of the independence of its non-executive BoD members is based on their capabilities, knowledge and experience on law, corporate finance, and the capital markets, as well as on their soft skills. Their decisions and contributions to the development of the Company are made from their independent standpoints. Although they have dual roles and dual responsibilities, they have been able to separate these roles when making relevant and important management decisions and successfully accomplished their duties.

## REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

### Separation of Chairman and CEO roles

The separation of the role of the Chairman and the CEO reflects independence and a clear division of responsibilities between the BoD and the BoM to ensure a fair division of powers in decision-making, increased accountability and enhanced governance. The powers and duties of the Chairman and the CEO are clearly stated in the Company Charter.

The current Chairman was HSC's CEO when the Company was inception. He was appointed Chairman in 2007 and currently serves his fourth term on the Board.

### Roles and responsibilities of the Board of Directors

Under the Enterprise Law and HSC's Charter, the BoD is the governing body of the Company and has full authority to act on behalf of the Company to exercise its rights and obligations beyond the authority of the Company's Annual General Shareholder Meetings. The BoD is responsible for monitoring HSC's operations to ensure that the Company complies with all applicable

laws and its Charter, as well as internal regulations, and to assure the rights of its shareholders and stakeholders.

Accordingly, the major roles of the BoD are:

- Developing the Company's long-term strategic plan
- Building and enhancing the Company's competitive advantages
- Responding to major business challenges
- Developing the company's core competencies
- Enhancing value for company stakeholders

When carrying out their functions and tasks, the BoD must strictly comply with the provisions of law, the Charter of the Company and resolutions of the Annual General Meeting of Shareholders. In the event where decisions made by BoD contravene the law or the Company's Charter, thereby causing detriment to HSC, the members who voted in favor of these decisions are jointly and individually liable for any damages in accordance with relevant laws.

In 2020, the BoD was responsible for an emerging and critical task "to formulate and execute strategies to overcome to the challenges caused by the Pandemic". Subsequently, various initiatives were introduced and implemented such as working-from-home, allowing HSC not only to maintain business continuity but also comply with social distancing orders of the authorities. The BoD also made an important decision which was on capital issuance as well as closely monitored the digital transformation progress. Those efforts, collectively, will help HSC to serve the surge in demand of investors including the new (F0) investors without system disruption and margin lending capital constraint.

### The board of director member nomination and candidacy processes

The board of director member nomination and candidacy processes are amongst the most important processes of the Company as standardized processes are crucial to the structure of board of director and quality and capability of members.

The board of director member nomination and candidacy processes are comprised of the following steps:

- Determine the requirements and conditions on board member candidate.
- Select qualified board member candidates.
- Assess the selected candidates.
- Executive members of the board of directors interview the selected candidates.
- Propose the final candidates for the consideration of the BoD and approval of the AGM.

### Information submission to the BoD

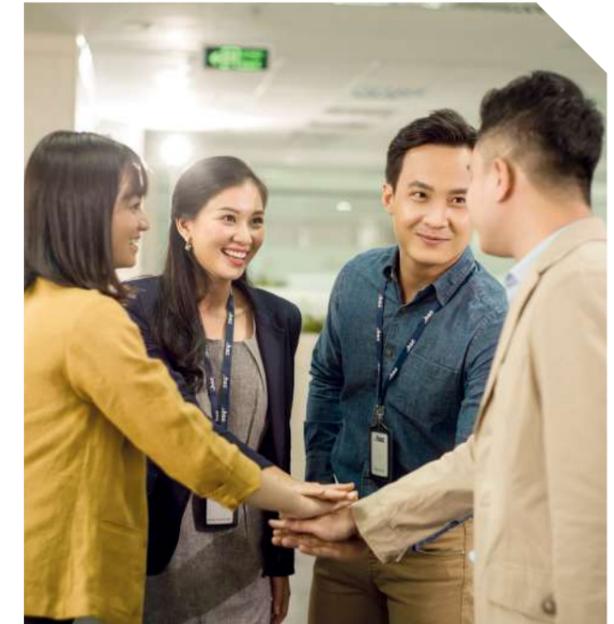
Information that the BoM presents in the BoD meetings or in the BoD's materials must be accurate, adequate, and clear to provide the BoD a solid ground for making important decisions and approvals at BoD meetings.

In the situations that the BoD requires further information or clarification, the BoM must provide the required information one (01) day before BoD meetings.

Meeting request and agenda must be circulated 15 days in advance to all BoD members. Meeting materials must be available five (05) days before the meetings. In situations that meetings are held in the form of written ballot, proposals must be circulated to all BoD members seven (07) days before the dates the BoD members are requested to approve or disapprove the proposals.

### Commitment of Board of Directors

Members of the BoD commit to comply with applicable laws requiring that the board members are not also members of board of directors of other companies for more than five (05) years. This regulation is to ensure that BoD members could spend more time, efforts, and dedication to support HSC.



Agendas of meetings in upcoming year are finalized at the last meeting of each year. In addition to the scheduled BoD meetings, when necessary, chairman of the BoD can request ad-hoc face-to-face meetings or meetings held in the form of written ballot. All BoD members commit to consider the proposed matters thoroughly before making decisions.

### Overall Assessment of the Operational Effectiveness of the Board of Directors

The BoD has made great efforts to improve corporate governance and align with current regulations and international best practices. Particularly:

- Maintained regular activities in accordance with the Company Charter, ensuring that regular meetings are held and that all Board members attended the meetings to meet legal requirements;
- Clearly defined the roles for independent and nonexecutive members have been made to maximize the interests of all shareholders and to assure fairness of minor shareholders.
- Supervised the implementation of the BoD' decisions and resolutions that were made at the AGM.
- Directed and supervised the implementation of various important projects at HSC.
- Supervised activities of Committee to ensure compliance with the operating principles and the Company Charter.



## REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

### Meetings of BoD in 2020

Board Members	Position	Date of Appointment	Number of Meetings	Number Meetings Attended	Attendance Ratio
Do Hung Viet	Chairman	21/04/2016	38	38	100%
Le Anh Minh	Vice Chairman	21/04/2016	38	38	100%
Lam Hoai Anh	Non-executive member	26/04/2018	38	38	100%
Pham Nghiem Xuan Bac	Non-executive member	21/04/2016	38	38	100%
Le Hoang Anh	Non-executive member	21/04/2016	38	38	100%
Le Thang Can	Non-executive member	21/04/2016	38	38	100%
Johan Nyvene	Non-executive member (*)	21/04/2016	38	38	100%

(\*) Mr. Johan Nyvene assumed the non-executive BoD member from 16/03/2020 after his resignation from the CEO position.

In 2020, there were 38 BoD meetings, of which there 22 face-to-face meetings and 16 BoD meetings held in the form of written ballot.

In each regular quarterly meeting, the BoD reviewed and approved the Company's actual quarterly financial performance. The BoD also discussed prevailing market conditions and reviewed and revised (if necessary) the strategic plans for upcoming quarters. The board also approved other matters falling under its responsibility and authority to ensure

that the Company's operations are well managed. At the first meeting of the year, the BoD discussed macroeconomic conditions and the local and global stock market outlooks; thereby reviewing the feasibility of the Company's business plan and targets for the year and considering any necessary revision of the Company's long-term plan and vision. At the last meeting of a year, the BoD finalizes dates of meetings in the upcoming year to accommodate the schedule of all BoD members.

All BoD members fulfilled their responsibilities in terms of BoD meeting participation. Furthermore, the BoD made important decisions, which were greatly beneficial to the performance of the Company during the year. A BoD resolution was only ratified when more than half of the members of the board voted for it.

### Activities of the Board of Directors in 2020

The Roles of the Board	Activities of the Board of Directors in 2020
<b>Finance</b>	
<b>Financial Performance Supervision</b>	<ul style="list-style-type: none"> <li>Reviewed and approved 2019 actual financial performance (Resolution 01/2020).</li> <li>Approved target performance in the first quarter of 2020 (Resolution 05/2020).</li> <li>Reviewed and approved business results in the first six months of 2020 and the plans for the second half of 2020 (Resolution 16/2020).</li> <li>Reviewed and approved financial performance for the Q3.2020 and forecast of Q4.2020 and accumulative performance of FY2020 (Resolution 25/2020).</li> </ul>
<b>Covered Warrant Issuance</b>	<ul style="list-style-type: none"> <li>Approved the issuances of covered warrants (resolution 02/2020; 19/2020; 32/2020).</li> <li>Approved the additional issuance of covered warrants (resolution 23/2020; 30/2020; 36/2020).</li> <li>Approved the amendment of issuance of covered warrants (resolution 35/2020).</li> </ul>
<b>Operational supervision</b>	<ul style="list-style-type: none"> <li>Approved an amendment of the total of credit lines in 2020 (resolution 05/2020)</li> <li>Approved the first advance of 2020 dividends (Resolution 37/2020).</li> </ul>
<b>Bank Loan Monitoring</b>	<ul style="list-style-type: none"> <li>Approved proposals to obtain bank credit, which were within the approved limit (Resolutions 04, 06, 07, 08, 14, 15, 17, 18, 20, 21, 22, 24, 26, 27, 28, 33, 34, and 38/2020).</li> <li>Approved the change of exchange risk hedging rate (resolution 01/2020).</li> <li>Approved of the Company participating in exchange rate risk hedging through currency exchange agreements and interest rate derivatives with banks (resolution 31/2020).</li> </ul>
<b>Risk Management</b>	
<b>Human Resources</b>	<ul style="list-style-type: none"> <li>Approved the dismissal of Mr. Johan Nyvene, Chief Executive Officer on March 16, 2020 (Resolution 01/2020).</li> <li>Approved the appointment of Mr. Trinh Hoai Giang as the Chief Executive Officer on March 16, 2020 (Resolution 01/2020)</li> <li>Approved the dismissal of Mr. Le Cong Thien, Deputy CEO on February 26, 2020 (Resolution 03/2020).</li> <li>Approved the appointment of Mrs. Than Thi Thu Dung as the person in charge of corporate governance (Resolution 25/2020)</li> </ul>
<b>Corporate Governance</b>	<ul style="list-style-type: none"> <li>Approved the time, venue, content, and drafts of proposals for the 2019 Annual General Shareholders' meeting (Resolution 01/2020).</li> <li>Approved the delay of organization of the FY2019 Annual General Meeting of Shareholders (Resolution 05/2020).</li> <li>Approved the time, venue, content, and proposals for the 2019 Annual General Shareholders' Meeting (Resolution 09/2020).</li> <li>Approved the establishment of Hoan Kiem Branch in the North (Resolution 29/2020).</li> <li>Approved the closure of branch and transaction offices in the North and in the South (Resolution 29/2020)</li> </ul>



## REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

### Remuneration of the Board of Directors, the Board of Management, and the Supervisory Board

#### Remuneration of the Board of Directors and the Supervisory Board

The operating fund of HSC's BoD and BoS in 2020 amounted to 1.5% of after-tax profit, as approved at the 2019 AGM.

Based on the remuneration norm in the Minutes No. 01/2018/BB-RC dated January 22, 2018 of the Remuneration Committee, the payment of remuneration and operating expenses to the members of the BoD and BoS was as detailed below.

#### BoD and Supervisory Board remuneration and operating expenses in 2020

Item	VND
<b>The opening balance of Operation fund of the BoD &amp; BoS</b>	<b>3,274,017,325</b>
<b>Operation fund of the BoD &amp; BoS in 2020 (accounting for 1.5% of profit after tax in 2019)</b>	<b>6,488,473,776</b>
<b>Operating expenses for the BoD &amp; BoS</b>	<b>7,892,403,208</b>
<b>In which:</b>	
<b>1. Remuneration for BoD &amp; BoS in 2020 (*)</b>	<b>3,680,000,000</b>
<b>2. Other operating expenses</b>	<b>4,212,403,208</b>
<b>Unused funds of the BOD &amp; Supervisory Board in 2020</b>	<b>1,870,087,893</b>

Note:

(\*) BoD remuneration was VND2,733,333,333 and BoS remuneration was VND946,666,667 (including personal income tax).

#### Regulation on Bonuses for Members of BoD and BoS

Independent BoD members and non-executive BoD and BoS members do not receive any income or bonuses from the Company's bonus and welfare funds.

#### Regulation governing Benefits for Members of BoD and BoS

Currently, HSC's cost benefit regime (the Company's car use regime, telephones, social, medical and other insurance, annual health check, and other items specified in the Company's policies) and other benefits in internal policies are only applicable to the Chairman of the Board of Directors. Only business travel expenses for other members of the BoD and BoS are charged to HSC (if costs are incurred).

#### Participation by Board of Director members in corporate governance programs

All members of the BoD and the BoS participated in a "Corporate Governance" training course, except for Mr. Pham Nghiem Xuan Bac who could not due to unforeseen circumstances. HSC will arrange time as is reasonable for him to join a similar training in the future.



### Committees under the Board of Director

There are three committees reporting to the BoD. They are the Risk Management Committee, the Audit Committee, and the Remuneration Committee.

The three committees are tasked with advising and assisting the Board in maintaining and enhancing internal control operations. All three committees have non-executive and executive members. The members were selected based on expertise and experience as well as their contribution to the committees:

Name	Position	Risk Management Committee	Internal Audit Committee	Remuneration Committee
Do Hung Viet	Chairman Non-executive Board member	✓	Chairman ✓	✓
Le Anh Minh	Vice Chairman Non-executive Board member	Chairman ✓		Chairman ✓
Le Thang Can	Member Non-executive Board member		✓	
Le Hoang Anh	Member Non-executive Board member	✓		
Johan Nyvene	Member Executive Board member			✓
Vo Van Chau	Head of Supervisory Board			✓
Dang Nguyet Minh	Member Member of Supervisory Board		✓	

### Activities of the Board Committees

#### The Risk Management Committee

The Risk Management Committee was established in 2013. The Risk Management Committee is responsible for advising the Board on the issuance of risk management strategies, processes, and policies. The Risk Management Committee is also responsible for analyzing and issuing warnings about the Company's safety against potential risks, as well as recommending preventative measures. Further, the Committee must analyze the Company's overall level of risk, measuring the risk tolerance level of every business function, as well as HSC's overall operations, monitor the implementation of policies and examine the Company's capital, liquidity and capital mobilization. The Risk Management Committee is responsible for reviewing and changing the risk management structure of the Company to meet the risk management requirements of its regulatory authorities. In addition, the Risk Management Committee must evaluate the performance of the Risk Manager.

Activities of the Risk Management Committee in 2020:

- In 2020, the Risk Management Division continued to finetune its risk management model by adopting COSO guidelines.
- On a monthly and quarterly basis, the Risk Management Department prepared and circulated a risk management report to the Risk Management Committee. The reports summarized the major risks identified in the reporting period and action plans for the Risk Management Committee.
- The Risk Management Committee scheduled regular meetings to review and approve transactions under its responsibility and authority.

#### Internal Audit Committee

The Internal Audit Committee was founded in 2014. The Internal Audit Committee acts in accordance with principles set out in the Code of Conduct and the Charter, which have been approved by the BoD.

## REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

The Internal Audit Committee continue to cooperate on internal audit activities with KPMG Vietnam Limited in 2020.

Activities of the Internal Audit department and follow-up on Internal Audit Findings. In 2020, the Internal Audit Department issued the following internal audit reports:

- The anti-money laundering review report
- Review human resources management activities of the Private Client Department (the second audit)
- Review operational model of Finance and Accounting Department

The Internal Audit Progress Report was reported at the regular meeting of the Internal Audit Committee.

### Remuneration Committee

The Board Remuneration Committee was officially established in 2016. The Remuneration Committee was established with the aim of advising and proposing compensation, remuneration and benefits for the members of BoD, BoS and BoM. The committee also reviews the annual budget for staff compensation and decides on issues related to the Employee Selection Program for selected employees.

### Engaging Shareholders, Investors and Partners

#### Investor relations

In 2020, all shareholders are provided relevant information accurately, adequately and timely via communication channels. The information included quarterly financial statements, semi-annual financial statements, annual auditor report, annual report, as well as other information announced at the annual shareholder meeting.

#### Annual General Shareholder Meeting

Annual general meeting ("AGM") is an important corporate event in which the Company's representatives meet and interact with shareholders. At an AGM, the BoD presents financial performance of the previous year, business

guidance for the upcoming year and other business matters that are deemed important and under the authorization of an AGM.

According to the plan, the FY2019 AGM would be held on April 22, 2020. But due to Covid-19 pandemic, the Company decided to postpone and held the FY2019 AGM on June 23, 2020. The AGM had followed and complied with current statutory regulations, to ensure the protection of shareholder benefits and rights.

- All shareholders whose registrations were undertaken by May 27, 2020, at the latest as provided for by the Ho Chi Minh City Branch of the Vietnam Securities Depository, received full and clear information related to the FY2019 AGM as in the invitation. The notice of invitation clearly specified the time, venue, agenda and basic information about registration for the meeting. The full 2019 AGM documents were published on HSC's website, in both Vietnamese and English languages, fifteen (15) days before the date of the 2019 AGM. In addition, the notice of invitation for the 2019 AGM was broadly published in the Dau Tu Chung Khoan newspaper no. 72 on June 15, 2020.
- To ensure the health safety of shareholders, the Company has taken appropriate precaution against such as handing out masks and spraying disinfectant hand sanitizer to all shareholders and their authorized representatives attending the FY2019 AGM. The FY2019 was held on a working day with the registration and admission desk opened one hour prior to the meeting. HSC used barcodes to confirm shareholder identification and other supporting documents, as well as for calculating the voting ratios.
- The Chairman of the BoD, BoD members, Chairman of Committees and the BoM chaired the FY2019 AGM. In addition, representatives of the independent audit firm were also present at the meeting and representatives of minority shareholders were elected to the Vote Counting Committee to count the votes.
- The BoD, BoS members were responsible and available to respond to all questions of shareholders in the meeting time and continued to respond via email to unanswered questions. The delegator team encouraged shareholders or their authorized representatives to contribute their ideas to the sustainable growth of HSC.
- Each of proposals by the BoD was presented separately to facilitate the review and approval by shareholders at

the AGM. The voting results for each proposal were announced immediately and recorded in the AGM minutes.

- The minutes of the meeting, report of voting results, and resolutions from the FY2019 AGM were published on HSC website in both English and Vietnamese languages within 24 hours after the meeting.

#### Dividend Policy

HSC's dividend policy is reviewed by the Board of Directors on an annual basis. However, HSC's practice is to maintain a dividend payout ratio of at least 50%. Over the years, HSC has distributed annual dividends of 12% to 20% of par value depending on its financial performance in each year. Dividend payment announcements are transparent and come with detailed information. Also, HSC always ensures the correct payment time with dividend rate equal to or higher than the rate approved by the AGM.

At the 2019 AGM, shareholders approved the FY2020 dividend payment rate of 12%. The executive plan for the FY2020 dividend payment is summarized as follows:

- HSC advanced the first cash dividend payment of 5% on January 20, 2020 following the approval by the Board of Directors in Resolution No. 37/2020/NQ-HĐQT issued on December 08, 2020.
- At the upcoming 2020 AGM, the BoD plans to propose the second cash dividend payment which is aligned with 2020 financial performance and HSC dividend policy.

#### Investor relations

HSC is always proactive in engaging shareholders to provide timely, completed, reliable and accurate information. The data and information are provided through a number of communication and media channels, such as, the website, the AGM, newsletters, quarterly meetings and direct email.

Despite the Covid-19 pandemic, HSC keeps continue its investor relation activities thoroughly via online platform with flexible timeframe which allows local and foreign shareholders to be fully participated.

HSC encourages all shareholders, investors, and partners to discuss or contribute ideas to HSC through the email address of the Communications Department.

#### Equal Treatment of Shareholders

##### Appointing a proxy to the Annual General Meeting

HSC strongly encourages shareholder participation at the AGM. Should a shareholder be unable to attend the AGM, they may nominate an authorized representative, such as a BoD member or BoS member, to vote on their behalf on resolutions and issues discussed at the AGM.

##### Voting at the AGM and Voting by Written Ballots

###### Voting at the AGM

Each shareholder or their authorized representative attending the AGM are given voting cards and voting forms printed by HSC. The cards and forms have barcodes so that the vote counting process can be more efficient and accurate. Shareholders shall use their voting cards to vote for resolutions raised at the AGM. The shareholders must confirm their vote by marking a cross in one of the three boxes provided. The contents of the three boxes are "approve", "not approve" and "no comment". Shareholders are required to sign the form to confirm and validate the vote.

###### Voting by Written Ballots

The written ballots and other relevant documents will be sent to each of HSC's shareholders by guaranteed post mail and email (as registered) to the addresses the shareholders have registered with the Vietnam Securities Depository Centre, Ho Chi Minh City branch. In order to ensure the shareholders' rights, HSC BoD sent out the written ballots and materials to shareholders 15 days prior to the deadline by which shareholders had to send back their votes.

## REPORT OF THE BOARD OF DIRECTORS (CONTINUED)



### **Election of BoD Members**

The election, dismissal, removal, and additional election of members of the Board of Directors must be approved by the AGM. The selection of candidates and the election of new members to the BoD are carried out in accordance with the procedures stated in HSC's Charter, governance regulations, and election regulations.

The election of new members of the Board of Directors is carried out using a closed ballot and adopting a cumulative voting method. Accordingly, each shareholder or authorized proxy was given a total number of votes which was equal to the total number of shares they owned or represented multiplied by the number of candidates being elected. Shareholders or authorized proxies were entitled to cast all their votes for one candidate

or proportionally to a number of candidates. The list of candidates and candidate resumes will be posted on the Company's website no later than ten (10) working days prior to the AGM so that shareholders have enough time to consider and select qualified candidates.

### **Conflict of Interest Management**

There is a need to prevent conflicts of interest in operations and decision making. Recognizing this need resulted in the development of internal policies, procedures, systems of control and monitoring at HSC. Systems and processes serve to prevent or mitigate "conflict of interest" situations.

Currently, HSC is complying with "conflict of interest avoidance" regulations of Vietnam law. The Company is in the progress of developing an internal regulation of avoiding conflict of interest with an aim to identify and prevent or manage conflicts that might arise during the operation of the company.

### **Related Party Transactions**

Related party transactions, which are not conducted at arm's length but for personal gain, have often led to the collapse of many large corporations and the erosion of shareholder value and investor confidence in the transparency and integrity of the capital markets. This issue has become one of the biggest challenges for the business community in Vietnam in recent years.

Aware of the risk associated with illegal related party transactions, HSC is introducing an internal regulation of related party transaction management, which is an integral part of HSC's corporate governance framework.

The policy will be designed and implemented to ensure that any potential conflicts of interest hidden in related party transactions are identified and closely controlled.

### **Transactions by internal shareholders and their related parties**

Members of the BoD, the BoM, and BoS, as well as related parties who want to execute transactions in HSC shares must report and disclose all required information at least 03 business days prior to the transaction date. They also have to report their trading results to the State Securities Commission of Vietnam and the Ho Chi Minh Stock Exchange ("HOSE") within seven (07) business days after trading day.

Members of the BoD, the BoM, and BoS must report to the BoD any potential conflict of interest with HSC's interests from the benefits that they might receive from any transaction in HSC shares that are executed by themselves or by any related legal entity or individual. Members of the BoD, the BoM, and BoS are not allowed to use any internal information regarding HSC's operations obtained by virtue of their position to serve their personal interests, or the interests other legal entities or individuals.

HSC does not provide loans or guarantees to any members of the BoD, the BoM, the BoS or their related parties unless otherwise approved at the AGM.

HSC is not allowed to engage in any transaction that has a value equal to or greater than 20% of the total asset value of the Company as stated in its latest financial statements, with any member(s) of the BoD, the BoM, the BoS or related parties, or with shareholders, their proxies or related parties who collectively own more than 10% of HSC's total outstanding shares unless otherwise approved at the AGM.

### **The roles of stakeholders**

#### **Shareholders**

HSC has always been willing to provide necessary information to our shareholders on transparent and adequate manners. Furthermore, in our principle of equality, there is no discrimination amongst major shareholders, strategic shareholders or minor shareholders.

All necessary information on HSC's operations and performance such as the quarterly, semiannual, and annual performance results, as well as our business plans, are provided to all shareholders. The social distance caused by Covid-19 pandemic did not affected the Company's information disclosure progress as HSC has adopted online platforms to regularly approach and deliver information of business performance to its shareholders.



## REPORT OF THE BOARD OF DIRECTORS (CONTINUED)



### Investors

The Covid-19 pandemic has changed profoundly the way in which investors invest. Particularly, more investors prefer investment products and services that are available online. The change in investor preference underscores the importance of digital transformation to success of securities companies.

As a pioneer in the Vietnamese capital market, digitalization continues to be our focus in future. We have invested in a new digital platform which offers clients a lot more advanced functions such as online account opening, money transfer and portfolio management than the current one.

### Employees

A strong and diverse source of human capital is pivotal for HSC's success. For example, as digital transformation has been an irreversible trend, sourcing a

highly-skilled team to lead and execute digitization initiatives is critical for HSC's success in the digital transformation journey.

As we deeply care about our employee personal development, training and developing human resources are our key focus. We have been developing a flexible learning culture which encourages employees to learn new knowledge and skills to help them adapt new changes. Accordingly, in 2020, we launched the digital learning platform - HSC E-learning Centre - which provides comprehensive learning courses on legal, leadership, communication and soft skills online with flexibility in time and location. The platform transforms the way our people access to learning courses and enhances their learning experience.

### Community

The sense of shared community has been built and promoted throughout the Company's history since its early days. At the corporate level, HSC is committed to contribute to the development of Vietnam by creating jobs and paying taxes. At the same time, there have also been volunteer activities, sharing and helping the less privileged and disadvantaged groups of people. This has become a moral tradition at HSC.

HSC endeavors to implement initiatives that have long lasting impact on communities where HSC is located. HSC is dedicated to contributing to all aspects of community development. Community development is at the core of CSR where HSC believes will be an essential component for long term success..

### Environment

Contributing to the development of the capital markets in Vietnam has been one of the most important targets in the development of HSC.

With a spirit of enthusiasm and a willingness to impart experience and try to learn advanced knowledge, HSC has not only contributed to the market shaping and developing process and the nurturing the international investors' trust but also created its own opportunities to seek and approach potential investors.

Moreover, HSC is also an active member of associations and organizations in the stock market in particular and in the financial sector in general. The participation in the Vietnam Securities Trading Association (VASB), Vietnam Bond Market Association (VBMA) and Vietnam CEO Club, also helps us understand more about the markets and allows us to contribute to develop the markets.

### Auditors

HSC is committed to select one of the Big 4 Audit Firms in Vietnam for the interim and annual statutory audit of its financial statements. The selected auditor must be approved by the State Securities Commission of Vietnam to provide the statutory auditing services to listed companies and securities companies in Vietnam.

### PricewaterhouseCoopers (PwC) Vietnam Limited

PricewaterhouseCoopers (PwC) Vietnam Limited is the external auditor of HSC in three years consecutively.

- The review of the interim financial statements;
- The review of the interim Liquidity Ratio Report;
- The audit the year-end financial statements;
- The audit of the year end Liquidity Ratio Report; and

- The special audit of HSC's year-end financial information, which was prepared in accordance with the International Financial Reporting Standards (IFRS).

The 2020 audit fee amounted to VND957,000,000 (Nine hundred and fifty-seven million Vietnamese Dong).

### KPMG Vietnam Limited

KPMG Vietnam Ltd provided internal audit services to HSC in 2019.

The audit service fee was VND1,081,176,250 (One billion eighty-one million one hundred seventy-six thousand and two hundred fifty Vietnamese Dong).

### Contact for Media Inquiries

Currently, the only point of contact for media inquiries to HSC is the Communications Department. Any questions from stakeholders will be forwarded to the relevant department head. Their responses will be sent to the Communications Department which shall represent HSC in responding by phone or email.

### Information disclosure

#### Policy and the implementation of information disclosure

The information disclosure framework at HSC has been developed and implemented in compliance with corporate governance policies. Information disclosure must be in accordance with the following fundamental principles:

- The disclosed information should be accurate, complete, clear and must be disclosed within the agreed time frame;
- The disclosed information must comply strictly with current statutory regulations
- All stakeholders have the right to access the disclosed information;
- Information that may have a significant impact on HSC's share price, or possibly influence investor decisions, affect shareholder rights, or may cause a serious event that may adversely affect the legitimate interests of investors, should be disclosed in timely manner, and shall be disclosed in HSC's official website, to the Ho Chi Minh City Stock Exchange (HOSE) and to the State Securities Commission (SSC).

## REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

### Transactions, Remuneration and Benefits of Members of the BoD, BoM, and BOS

#### Share trading transactions of internal shareholders and related parties

In 2020, HSC announced HCM share transactions undertaken by members of the BoD and related organizations on the HCM City Stock Exchange to the authorities within three working days. Under current regulations, they were reported as follows:

Name	Relationship with internal shareholders	Number of shares owned initially		Number of shares owned at the end period		Reasons for increase, decrease
		Number of shares	Percentage	Number of shares	Percentage	
Hochiminh City Finance and Investment state – owned Company (HFIC)	Company related to Lam Hoai Anh and Le Thang Can – Members of the Board of Directors	87,500,000	28.61%	87,500,000	28.61%	Registered to sell 10,000,000 shares during 09/01/2020 to 07/02/2020. The transactions were not executed as market prices were not aligned with expectations.
Synergy Company Limited	Company related to Pham Nghiem Xuan Bac – Member of the Board of Directors	841,030	0.28%	841,030	0.28%	Registered to sell 200,000 shares during 23/03/2020 to 21/04/2020. The transactions were not executed as market prices were not aligned with expectations.
Pham Nghiem Xuan Bac	Member of the Board of Directors	560,000	0.18%	560,000	0.18%	Registered to sell 200,000 shares during 23/03/2020 to 21/04/2020. The transactions were not executed as market prices were not aligned with expectations.
Hochiminh City Finance and Investment state – owned Company (HFIC)	Company related to Lam Hoai Anh and Le Thang Can – Members of the Board of Directors	87,500,000	28.61%	87,500,000	28.61%	Registered to sell 25,000,000 shares during 13/11/2020 to 27/11/2020. The transactions were not executed as market prices were not aligned with expectations.
Synergy Company Limited	Company related to Pham Nghiem Xuan Bac – Member of the Board of Directors	841,030	0.28%	841,030	0.28%	Registered to sell 200,000 shares during 16/11/2020 to 15/12/2020. There were only 150,000 shares executed as market prices were not aligned with expectations.
Pham Nghiem Xuan Bac	Member of the Board of Directors	560,000	0.18%	560,000	0.18%	Registered to sell 160,000 shares during 16/11/2020 to 15/12/2020. There were only 100,000 shares executed as market prices were not aligned with expectations.
Hochiminh City Finance and Investment state – owned Company (HFIC)	Company related to Lam Hoai Anh and Le Thang Can – Members of the Board of Directors	87,500,000	28.61%	87,500,000	28.61%	Registered to sell 25,000,000 shares during 03/12/2020 to 25/12/2020. There were only 14,524,820 shares executed as market prices were not aligned with expectations.
Synergy Company Limited	Company related to Pham Nghiem Xuan Bac – Member of the Board of Directors	691,030	0.23%	500,030	0.16%	Registered to sell 200,000 shares during 16/11/2020 to 15/12/2020. The transactions were not executed as market prices were not aligned with expectations.
Phi Thuyen Investment Company Limited	Company related to Pham Nghiem Xuan Bac – Member of the Board of Directors	-	-	-	-	Registered to buy 350,000 shares during 25/12/2020 to 22/01/2021. The transactions were not executed as market prices were not aligned with expectations.
Pham Nghiem Xuan Bac	Member of the Board of Directors	460,000	0.15%	350,000	0.11%	Registered to sell 160,000 shares during 25/12/2020 to 22/01/2021. There were only 110,000 shares executed as market prices were not aligned with expectations.

## REPORT OF SUPERVISORY BOARD 2020

In 2020, the Supervisory Board (“BoS”) fulfilled its duties as stated in HSC’s Charter and Governance regulations on the organization and operation of the BoS, assisting the Board of Management (“BoM”) in executing the business plan and other matters that were approved by shareholders at the 2019 annual general meeting (“AGM”). The BoS is comprised of three members including two independent members, who represent shareholders to carry out regular audit and supervision tasks and make necessary and important recommendations to enhance HSC’s risk management and corporate governance. In 2020, the BoS carried out the following activities:

- Supervised activities of the Board of Directors (“BoD”) in 2020 and the implementation of resolutions approved at the 2019 AGM;
- Supervised HSC’s business activities and financial performances in 2020;
- Supervised the activities of the internal audit department in 2020.

### SUPERVISION OF ACTIVITIES OF THE BOD AND THE EXECUTION OF RESOLUTIONS APPROVED AT THE 2019 AGM

In 2020, the BoD held thirty-eight (38) meetings, of which twenty-two (22) meetings were in-person meetings and the remaining sixteen (16) meetings were in the form of written opinions. In these meetings, the BoS reviewed the Company’s performance and, along with the BoD and BoM, contributed strategic opinions to help the Company achieve the business plan as approved by the 2019 AGM.

Key issues discussed in the BoD’s meetings included the followings:

- FY2019 business performance and 2020 quarterly business reports.
- Approval of the agenda and proposals related to the 2020 AGM.
- Dismissal and appointment of Chief Executive Officer position, dismissal of a Deputy CEO and appointment of Person in charge of corporate governance.
- Use-of-capital plans for each business, capital needs in the following years and bank loan proposals.
- Approval on covered warrant issuances in 2020.
- Approval on the 2020 first interim cash dividend of 5% on par value.
- Attending the “2021 HSC Strategy Day” where the BoD, BoS discussed HSC’s strategic directions in 2021 with the BoM and business heads.

All contributions and recommendations of the Supervisory Board as supervisors and representatives of shareholders were respected and thoughtfully considered by the BoD when they made decisions and resolutions on relevant matters.

### SUPERVISION OF 2020 BUSINESS ACTIVITIES AND FINANCIAL PERFORMANCES

In 2020, together with Board of Audit Committee (“BAC”) members, the BoS participated in the interim and year-end meetings with HSC’s external auditor, PwC (Vietnam) Limited, to discuss the scope, audit findings and relevant matters mentioned in the Management letter. According to the auditor’s opinion, HSC’s business operations were conducted in a transparent manner and had no violations in accounting, finance, and operational processes. In 2020, PwC provided statutory audit service to HSC with total fee of VND957,000,000 (nine hundred and fifty seven million dong) (VAT included) and did not provide any other advisory services.

In addition, the BoS also reviewed HSC’s quarterly and YE2020 financial statements and capital adequacy ratio review reports. About financial safety, HSC maintained high liquidity and capital-related ratios. HSC’s financial safety ratio, calculated in accordance with the guidances of the Ministry of Finance, was 705% as at the end of 2020 (566% as at the end of 2019), 2.9 times higher than the 180% requirement of the State Securities Commission of Vietnam.

Regarding business performance in 2020, HSC achieved a total revenue of VND1,592 billion, which was 26% higher YoY and 123% of the approved business plan. Net profit after tax in 2020 was up by 22% YoY to VND530 billion, or 117% of the approved business plan. Besides the strong performance, the BoS also appreciated the sustainability of HSC’s business model. Particularly, in 1Q 2020, despite historic volatilities in the stock markets in Vietnam and the world, HSC was still be able to deliver strong business

performance with revenue and net profit growths of 14% and 23%, respectively. That success was hard to be replicated by other securities companies. In the following quarters, the Vietnamese stock market recovered strongly. Partly driven by new individual investors, the stock market liquidity increased significantly with daily average trading value was up by 60% YoY to VND7,430 billion, which was 1.5 times higher than HSC’s expectation for its 2020 business plan. HSC was able to capture the opportunity and completed its target ahead of schedule.

The BoS acknowledged growth across major businesses of HSC. Particularly:

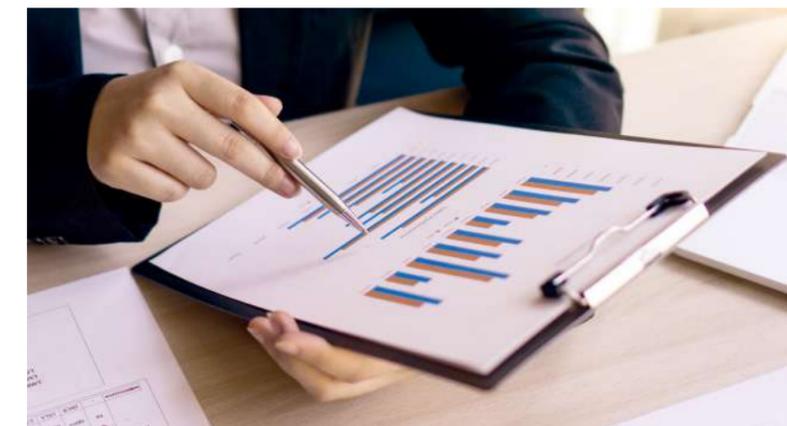
- Revenue of brokerage fees reached VND621 billion, an increase of VND143 billion or 30% YoY, accounting for 39% of HSC’s total revenue.
- In which: brokerage fees from the cash equity market was VND577 billion (+30% YoY) and brokerage fees from the derivatives market was VND44 billion (+69% YoY).
- The margin lending business posted a total revenue of VND549 billion, which was VND54 billion or 11% higher YoY, accounting for 35% of HSC’s total revenue.
- The average lending rate was lowered to 10.2% p.a. from 11.6% p.a. in 2019. The rate adjustment was aligned with HSC’s strategy in 2020 to enhance the competitiveness of the business.
- HSC remained one of the top three securities companies with the largest margin lending book as at the end of 2020 and consistently pursued a prudent lending approach, in which HSC focused primarily on large-cap companies with strong fundamentals, and high liquidity.
- The proprietary trading business delivered impressive performance with a total revenue of VND369 billion, or a 65% YoY growth, contributing to 23% of HSC’s total revenue. The average return was 25%, which outperformed the 2020 VN-Index’s gain of 15%.
- The corporate finance business delivered VND38 billion, which was VND15 billion or 28% below that in 2019.
- The revenue in 2020 was primarily contributed by closed deals in the banking and financial industries;
- The business witnessed a challenging year in 2020. Due to travel restriction, potential investors could not come to Vietnam to carry out due diligence as well as deal negotiation. Therefore, several transactions were not executed and closed in the timeline that HSC expected.

Total operating expenses in 2020 was 27% higher than budget, largely because variable expenses increased proportionally with revenue, which was up by 26% YoY.

Besides, as part of the Private Client Division’s restructuring plan, which aims at achieving better business efficiency and brand positioning, the BoM decided to carry out major restructuring of transaction offices as below:

- In HCMC: Established the Client Services Center in the AB Tower at the end of 2020. Accordingly, all transaction offices in HCMC were relocated to the 2nd, 7th, 11th, 12th floors in the AB Tower during the middle of 2020 to February 2021.
- In Hanoi: The Client Services Center located at the CornerStone building will be expectedly inaugurated in 1Q 2021. Kim Lien transaction office was closed and other transaction offices of the Private Client Division were centralized and relocated to two central-business-district locations – Lang Ha transaction office in the Vinaconex building and Hoan Kiem transaction office in the building at 66A Tran Hung Dao.

HSC’s total brokerage market share was at 9.4% in 2020. The Company was able to maintain its position as the second largest securities companies by trading value on Ho Chi Minh City Stock Exchange (HSX) for seven consecutive years (2014-2020). HSC also had a leading position in the derivatives market (HNX) with approximately 10.9% market share. The BoS highly appreciates the efforts that HSC made to deliver the impressive growth, especially in the context of a highly competitive industry. However, the BoS would recommend HSC to focus more on acquiring new clients, especially individual clients.



## REPORT OF SUPERVISORY BOARD 2020 (CONTINUED)

### Key financial indicators

No.	Indicators	2020	2019
<b>1</b>	<b>Capital safety ratio</b>	<b>705%</b>	<b>556%</b>
<b>2</b>	<b>Liquidity ratio</b>		
a	Current ratio (times)	1.5	2.3
b	Total debt to Total assets ratio (times)	0.6	0.4
<b>3</b>	<b>Capital structure ratios</b>		
a	Shareholder's capital to Total resources (times)	0.4	0.6
<b>4</b>	<b>Profitability ratios</b>		
a	ROAE (Net profit after tax/ Owner's equity)	12.1%	11.7%
b	ROAA (Net profit after tax/ Total assets)	5.3%	6.8%

### SUPERVISION OF INTERNAL AUDIT ACTIVITIES IN 2020

In 2020, HSC's Internal Audit department completed and issued the following audit reports:

No.	Internal Audit Review
1	Anti-money laundering activities (annual audit)
2	Human resource management process of the Private Client Division
3	HRM process of PCD audit follow-up result

The Private Client Division ("PCD") runs one of the most important businesses and manages the largest team which accounts for 60% of headcounts of HSC. Given the importance and the size of the division, the Internal Audit department decided to carry out the second audit on the division's human resource management processes. Objectives of Internal Audit is to provide the BoD, the BoS and the BoM an independent assessment over performance management, risk management and control in human resource management for PCD. To achieve a comprehensive result, the

Internal Audit Department coordinated with the external co-auditor, KPMG Vietnam Limited ("KPMG"), to carry out not only conventional, risk-based internal audit methodology, but also apply new internal audit approach which focused on performance-based auditing. The change in our audit approach was aligned with the development strategies of HSC in 2020, and underscored the importance of the Internal Audit department as a value-added service for the major businesses of HSC with an aim at solidifying HSC's client-centric philosophy.

In the year, KPMG only provided the internal audit service to HSC at the total service fee of VND1,081,176,250 (one billion eighty one million one hundred and seventy six thousand two hundred and fifty dong) (VAT included). KPMG did not provide any other advisory services to HSC in 2020.

During the audit, the BoS did not identify any significant audit findings relating to the human resource management processes of PCD. Based on the assessment of the Internal Audit Department, in 2020, the CEO carried out a comprehensive restructuring of the hierarchical organization, introduced the new human resource management system and the approved action plan of PCD. Those strategic changes were aligned by the BoD. The BoS acknowledged that the new changes at PCD were officially implemented in 4Q 2020.

The BoS recommended that HSC should continue to evaluate and examine the efficiency and suitability of the human resource management system of PCD, which is highly critical in the current competitive market conditions, to prevent and mitigate any risks that might affect the PCD's business targets.

### BOS REMUNERATION IN 2020

Total remuneration of the BoS in 2020 was VND946,666,667 (nine hundred and forty six million six hundred and sixty six thousand six hundred and sixty seven dong) (inclusive of personal income tax). Detailed remuneration of each member is as follows:

No.	Member	Position	Monthly after tax remuneration (VND)
1	Mr. Vo Van Chau	Chairman	10,000,000
2	Mr. Doan Van Hinh	Member	6,000,000
3	Mrs. Dang Nguyet Minh	Member	6,000,000

### PLAN OF THE BOS FOR 2021

In 2021, the BoS will continue to accompany and supervise the Internal Audit department in completing the audit projects that have been started in 2020 and carrying out the new audit projects in the approved 2021 audit plan as below:

No.	Internal Audit Review
<b>2020</b>	
1	Operating Model of Finance and Accounting Activities (FTOM)
<b>2021</b>	
2	Anti-money laundering activities (annual audit)
3	Delegation of Authority Policy (DoAP)

# FINANCIAL STATEMENTS 2020



# TABLE OF CONTENTS

103	CORPORATE INFORMATION
104	STATEMENT BY THE BOARD OF MANAGEMENT
105	INDEPENDENT AUDITOR'S REPORT
107	STATEMENT OF FINANCIAL POSITION (FORM B 01 – CTCK)
111	STATEMENT OF COMPREHENSIVE INCOME (FORM B 02 – CTCK)
113	STATEMENT OF CASH FLOWS (FORM B 03B – CTCK)
115	STATEMENT OF CHANGES IN EQUITY (FORM B 04 – CTCK)
116	NOTES TO THE FINANCIAL STATEMENTS (FORM B 09 – CTCK)

## CORPORATE INFORMATION

### ESTABLISHMENT AND OPERATION LICENCE

No. 11/UBCK-GPHDKD dated 29 April 2003 issued by the State Securities Commission. The Establishment and operation licence was amended several times and the latest amendment No. 13/GPĐC-UBCK was issued on 16 March 2020.

### BOARD OF DIRECTORS

<b>Mr. Do Hung Viet</b>	Chairperson
<b>Mr. Le Anh Minh</b>	Vice Chairperson
<b>Mr. Pham Nghiem Xuan Bac</b>	Member
<b>Mr. Le Thang Can</b>	Member
<b>Mr. Johan Nyvene</b>	Member
<b>Mr. Le Hoang Anh</b>	Member
<b>Mr. Lam Hoai Anh</b>	Member

### BOARD OF SUPERVISION

<b>Mr. Vo Van Chau</b>	Chief Supervisor
<b>Mr. Doan Van Hinh</b>	Member
<b>Ms. Dang Nguyet Minh</b>	Member

### BOARD OF MANAGEMENT

<b>Mr. Trinh Hoai Giang</b>	Chief Executive Officer (from 16 March 2020) Deputy Chief Executive Officer (until 15 March 2020)
<b>Mr. Johan Nyvene</b>	Chief Executive Officer (until 15 March 2020)
<b>Mr. Le Anh Quan</b>	Managing Director
<b>Mr. Bach Quoc Vinh</b>	Managing Director
<b>Mr. Pham Ngoc Bich</b>	Managing Director
<b>Mr. Christopher Lawrence Hunt</b>	Managing Director
<b>Mr. Stephen James McKeever</b>	Managing Director
<b>Mr. Tran Tan Dat</b>	Managing Director
<b>Mr. Nguyen Canh Thinh</b>	Managing Director
<b>Ms. Nguyen Linh Lan</b>	Managing Director
<b>Mr. Le Nguyen Binh</b>	Managing Director (from 1 December 2020)
<b>Mr. Lam Huu Ho</b>	Chief Financial Officer cum Chief Accountant
<b>Mr. Le Cong Thien</b>	Deputy Chief Executive Officer (until 26 February 2020)

### LEGAL REPRESENTATIVE

<b>Mr. Trinh Hoai Giang</b>	Chief Executive Officer (from 16 March 2020)
<b>Mr. Johan Nyvene</b>	Chief Executive Officer (until 15 March 2020)

### REGISTERED OFFICE

5-6th Floor, AB Tower, 76 Le Lai Street, Ben Thanh Ward, District 1  
Ho Chi Minh City, Vietnam

### AUDITOR

PwC (Vietnam) Limited

## STATEMENT OF RESPONSIBILITY OF THE BOARD OF MANAGEMENT IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Management of Ho Chi Minh City Securities Corporation ("the Company") is responsible for preparing the financial statements which give a true and fair view of the financial position of the Company as at 31 December 2020 and of the result of its operations, cash flows and changes in equity for the year then ended. In preparing these 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 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 financial position of the Company and which enable the financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the 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 errors.

### APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements as set out on pages 5 to 90 which give a true and fair view of the financial position of the Company as at 31 December 2020 and of the results of its operations, cash flows and changes in equity for the year then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and prevailing regulations on preparation and presentation of financial statements applicable to securities companies operating in Vietnam.

On behalf of the Board of Management



**Trinh Hoai Giang**

Chief Executive Officer

Ho Chi Minh City, Vietnam

18 March 2021

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HO CHI MINH CITY SECURITIES CORPORATION

We have audited the accompanying financial statements of Ho Chi Minh City Securities Corporation ("the Company") which were prepared on 31 December 2020 and approved by the Board of Management on 18 March 2021. The financial statements comprise the statement of financial position as at 31 December 2020, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and explanatory notes to the financial statements including significant accounting policies, as set out on pages 107 to 169.

### The Board of Management's Responsibility

The Board of Management of the Company is responsible for the preparation and the true and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and prevailing regulations on preparation and presentation of financial statements applicable to securities companies operating in Vietnam and for such internal control which the Board of Management determines as necessary to enable the preparation and fair presentation of the 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. 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 financial statements.

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

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HO CHI MINH CITY SECURITIES CORPORATION (CONTINUED)

### Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, the results of its operations, cash flows and changes in equity for the year then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and prevailing regulations on preparation and presentation of financial statements applicable to securities companies operating in Vietnam.

### Other Matter

The independent's auditor report 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



**Tran Thi Thanh Truc**

Audit Practising Licence No.

3047-2019-006-1

Authorised signatory

Report reference number: HCM10075

Ho Chi Minh City, 18 March 2021

**Tran Thi Cam Tu**

Audit Practising Licence No.

2713-2018-006-1

## STATEMENT OF FINANCIAL POSITION

Form B 01 - CTCK

Code	ITEM	Note	As at	
			31.12.2020 VND	31.12.2019 VND
<b>ASSETS</b>				
<b>100</b>	<b>CURRENT ASSETS</b>		<b>12,307,866,988,088</b>	<b>7,295,764,151,145</b>
<b>110</b>	<b>Financial assets</b>		<b>12,118,339,034,626</b>	<b>7,275,687,206,277</b>
111	Cash and cash equivalents	3.1	206,860,864,747	906,543,226,372
111.1	Cash		206,860,864,747	906,543,226,372
112	Financial assets at fair value through profit or loss ("FVTPL")	3.2	3,061,224,600,123	1,306,154,384,308
114	Loans	3.3	8,623,841,531,603	4,734,496,649,940
116	Provisions for impairment loss of financial assets and collaterals	3.4	(37,783,317,946)	(37,783,317,946)
118	Prepayments to suppliers		7,913,519,184	6,445,066,994
119	Service-related receivables	3.5	193,223,521,787	318,126,523,551
122	Other receivables	3.5	64,858,789,330	43,505,147,260
129	Provisions for doubtful debts	3.4	(1,800,474,202)	(1,800,474,202)
<b>130</b>	<b>Other current assets</b>		<b>189,527,953,462</b>	<b>20,076,944,868</b>
131	Advances to employees		131,200,582	251,315,707
133	Short-term prepaid expenses	3.8(a)	8,702,822,930	8,464,775,711
134	Short-term security deposits		1,005,314,000	3,797,282,500
137	Other current assets		179,688,615,950	7,563,570,950
137.1	Deposits for derivatives trading activities	3.6	179,688,615,950	7,563,570,950
<b>200</b>	<b>NON-CURRENT ASSETS</b>		<b>180,960,564,999</b>	<b>192,914,478,203</b>
<b>220</b>	<b>Fixed assets</b>		<b>46,878,656,183</b>	<b>41,889,429,828</b>
221	Tangible fixed assets	3.7(a)	26,872,243,833	24,220,165,536
222	Historical cost		104,576,989,289	86,288,797,369
223a	Accumulated depreciation		(77,704,745,456)	(62,068,631,833)
227	Intangible fixed assets	3.7(b)	20,006,412,350	17,669,264,292
228	Historical cost		83,670,927,010	69,590,128,018
229a	Accumulated amortisation		(63,664,514,660)	(51,920,863,726)
<b>240</b>	<b>Construction in progress</b>	<b>3.7(c)</b>	<b>342,334,073</b>	<b>13,597,128,282</b>
<b>250</b>	<b>Other non-current assets</b>		<b>133,739,574,743</b>	<b>137,427,920,093</b>
251	Long-term security deposits		8,365,511,870	6,192,051,327
252	Long-term prepaid expenses	3.8(b)	94,014,062,873	100,955,484,782
253	Deferred income tax assets	3.16	1,360,000,000	280,383,984
254	Deposits in the Settlement Supporting Fund	3.9	20,000,000,000	20,000,000,000
255	Other non-current assets		10,000,000,000	10,000,000,000
255.1	Deposits in the Derivatives trading clearing fund	3.10	10,000,000,000	10,000,000,000
<b>270</b>	<b>TOTAL ASSETS</b>		<b>12,488,827,553,087</b>	<b>7,488,678,629,348</b>

The notes on pages 117 to 169 are an integral part of these financial statements.

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

Form B 01 – CTCK

Code	ITEM	Note	As at	
			31.12.2020 VND	31.12.2019 VND
<b>300</b>	<b>LIABILITIES</b>		<b>8,048,473,021,702</b>	<b>3,184,535,590,209</b>
<b>310</b>	<b>Current liabilities</b>		<b>8,048,473,021,702</b>	<b>3,184,535,590,209</b>
311	Short-term borrowings and finance lease liabilities		6,716,571,061,080	2,393,727,235,255
312	Short-term borrowings	3.11	6,716,571,061,080	2,393,727,235,255
318	Trading obligations	3.12	935,296,094,913	487,804,747,433
320	Short-term trade payables		5,104,995,817	1,046,316,763
322	Taxes and other payables to the State	3.13	67,013,629,923	37,937,342,045
324	Accrued employees' welfares		4,769,951,100	3,851,740,871
325	Short-term accrued expenses	3.14	83,776,529,704	56,698,330,262
329	Other short-term payables	3.15	209,921,021,432	184,843,206,969
331	Bonus and welfare funds		26,019,737,733	18,626,670,611
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>4,440,354,531,385</b>	<b>4,304,143,039,139</b>
<b>410</b>	<b>Owners' equity</b>		<b>4,440,354,531,385</b>	<b>4,304,143,039,139</b>
411	Owners' capital		3,405,291,244,992	3,411,931,836,992
411.1	Share capital	3.17	3,058,822,630,000	3,058,822,630,000
411.1a	Ordinary shares with voting rights		3,058,822,630,000	3,058,822,630,000
411.2	Share premiums		358,946,064,000	358,946,064,000
411.5	Treasury shares		(12,477,449,008)	(5,836,857,008)
414	Supplementary capital reserve		177,907,588,627	151,385,003,919
415	Financial risk and operational reserve		177,907,588,627	151,385,003,919
416	Other equity reserves		3,961,374,994	3,961,374,994
417	Undistributed earnings	3.18	675,286,734,145	585,479,819,315
417.1	Realised profits after tax		647,641,022,448	614,251,440,752
417.2	Unrealised profits/(losses)		27,645,711,697	(28,771,621,437)
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>12,488,827,553,087</b>	<b>7,488,678,629,348</b>

The notes on pages 117 to 169 are an integral part of these financial statements.

## OFF STATEMENT OF FINANCIAL POSITION ITEMS

Form B 01 – CTCK

Code	ITEM	Note	As at	
			31.12.2020	31.12.2019
<b>A</b>	<b>ASSETS OF THE COMPANY AND ASSETS UNDER ENTRUSTMENT</b>			
			<b>Amount (VND)</b>	
004	Bad debts written off		345,059,000	345,059,000
			<b>Original currency</b>	
005	Foreign currencies			
	United States Dollar		1,880.68	1,899.62
	Japanese Yen		241,915	241,915
	Singapore Dollar		844	844
	British Pound		7,146.28	1,594.70
	New Taiwan Dollar		3,200	3,200
	Canadian Dollar		100	100
	Malaysian Ringgit		750	750
			<b>Quantity</b>	
006	Number of shares in issue (shares)	4.1	305,041,845	305,516,173
007	Number of treasury shares (shares)	3.17	840,418	366,090
			<b>Par value (VND)</b>	
008	Securities listed/registered at Vietnam Securities Depository ("VSD")		993,631,923,000	146,128,706,000
	Freely traded securities		937,631,923,000	146,128,706,000
	Mortgaged securities		56,000,000,000	-
009	Securities in custody of VSD and not yet traded		23,150,020,000	506,139,500,000
	Freely traded securities		23,150,020,000	506,139,500,000
010	Securities purchased and awaiting settlement		51,825,101,000	4,570,802,000
	Securities awaiting settlement		51,825,101,000	4,570,802,000
012	Securities not in custody of VSD		3,340,840,000	391,374,560,000
	Freely traded securities		3,340,840,000	391,374,560,000
			<b>Quantity</b>	
014	Covered warrants authorised but not yet issued	4.2	41,100,990	60,105,000

The notes on pages 117 to 169 are an integral part of these financial statements.

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

### OFF STATEMENT OF FINANCIAL POSITION ITEMS (CONTINUED)

Form B 01 – CTCK

Code	ITEM	As at	
		31.12.2020	31.12.2019
<b>B</b>	<b>ASSETS OF AND LIABILITIES TO CUSTOMERS</b>		
		<b>Par value (VND)</b>	
021	Securities listed/registered at VSD	29,055,917,558,453	21,830,141,746,300
021.1	Freely traded securities	26,490,060,452,700	18,732,929,161,200
021.2	Restricted securities	222,878,360,000	129,406,140,000
021.3	Pledged securities	1,072,686,420,000	2,371,412,250,000
021.4	Suspended securities	175,105,240,000	268,676,880,000
021.5	Securities awaiting settlement	768,765,870,100	203,396,899,000
021.7	Customers' deposits for derivatives trading	326,421,215,653	124,320,416,100
022	Securities in custody of VSD and not yet traded	226,132,240,000	18,424,050,000
022.1	Securities in custody of VSD and not yet traded – freely traded securities	212,693,340,000	11,232,460,000
022.2	Securities in custody of VSD and not yet traded – suspended securities	13,438,900,000	7,191,590,000
023	Securities purchased and awaiting settlement	685,071,278,200	212,253,750,000
024b	Securities not in custody of VSD of investors	5,500,000,000	5,500,000,000
026	Customers' deposits	2,426,782,571,627	865,759,134,335
027	Customers' deposits for securities trading	2,100,361,355,974	741,438,718,235
027.1	Customers' deposits at VSD	326,421,215,653	124,320,416,100
031	Payables to customers relating to their deposits at the Company for securities trading	2,100,361,355,974	741,438,718,235
031.1	Payables to domestic customers relating to their deposits at the Company for securities trading	2,089,526,776,741	733,323,220,892
031.2	Payables to foreign customers relating to their deposits at the Company for securities trading	10,834,579,233	8,115,497,343

**Le Thi Thuy Duong**  
Preparer

**Lam Huu Ho**  
Chief Financial Officer  
cum Chief Accountant

**Trinh Hoai Giang**  
Chief Executive Officer  
18 March 2021

The notes on pages 117 to 169 are an integral part of these financial statements.

## STATEMENT OF COMPREHENSIVE INCOME

Form B 02 – CTCK

Code	ITEM	Note	For the year ended	
			31.12.2020 VND	31.12.2019 VND
	<b>OPERATING INCOME</b>			
01	Income from FVTPL financial assets		1,027,171,623,991	505,990,623,151
01.1	Realised gains on disposal of FVTPL financial assets	5.1	719,339,277,788	374,478,101,972
01.2	Increase in revaluation gains of FVTPL financial assets	5.2	104,750,184,619	16,213,187,476
01.3	Dividends and interest income from FVTPL financial assets	5.3	208,294,399,010	108,888,346,116
01.4	Decrease in covered warrants liabilities due to revaluations	5.2	(5,212,237,426)	6,410,987,587
03	Interest income from loans and receivables		549,942,893,189	508,242,445,291
06	Brokerage fee income		621,464,464,968	482,481,918,443
09	Custody service income		7,575,701,973	7,616,808,263
10	Financial consultancy service income		37,741,467,445	53,627,870,462
11	Other operating income		4,009,821,108	2,171,378,005
<b>20</b>	<b>TOTAL OPERATING INCOME</b>		<b>2,247,905,972,674</b>	<b>1,560,131,043,615</b>
	<b>OPERATING EXPENSES</b>			
21	Losses from FVTPL financial assets		(657,783,171,656)	(299,990,119,345)
21.1	Realised losses on disposal of FVTPL financial assets	5.1	(614,662,557,597)	(300,506,423,395)
21.2	Decrease in revaluation losses of FVTPL financial assets	5.2	27,738,629,141	516,964,050
21.4	Increase in covered warrants liabilities due to revaluations	5.2	(70,859,243,200)	(660,000)
24	Provisions for financial assets, losses on bad debts, impairment losses of financial assets and interest expenses associated with borrowings	5.4	(207,049,930,074)	(113,682,911,467)
26	Proprietary trading activities	5.5	(56,313,185,768)	(33,922,566,120)
27	Brokerage fee expenses	5.5	(420,110,183,582)	(363,693,987,844)
30	Custody service expenses	5.5	(7,961,207,512)	(8,178,428,770)
31	Financial consultancy service expenses	5.5	(20,203,733,179)	(21,241,240,366)
32	Other operating expenses	5.5	(3,594,143,138)	(3,431,286,574)
<b>40</b>	<b>TOTAL OPERATING EXPENSES</b>		<b>(1,373,015,554,909)</b>	<b>(844,140,540,486)</b>

The notes on pages 117 to 169 are an integral part of these financial statements.

## STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

Form B 02 – CTCK

Code	ITEM	Note	For the year ended	
			31.12.2020 VND	31.12.2019 VND
<b>FINANCIAL INCOME</b>				
42	Dividend income and interest income from demand deposits		1,610,698,997	2,119,729,545
<b>50</b>	<b>TOTAL FINANCIAL INCOME</b>		<b>1,610,698,997</b>	<b>2,119,729,545</b>
<b>62</b>	<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>5.6</b>	<b>(216,286,598,477)</b>	<b>(186,799,467,128)</b>
<b>70</b>	<b>OPERATING RESULT</b>		<b>660,214,518,285</b>	<b>531,310,765,546</b>
<b>OTHER INCOME AND EXPENSES</b>				
71	Other income		90,917,424	95,013,636
<b>80</b>	<b>NET OTHER INCOME</b>		<b>90,917,424</b>	<b>95,013,636</b>
<b>90</b>	<b>NET ACCOUNTING PROFIT BEFORE TAX</b>		<b>660,305,435,709</b>	<b>531,405,779,182</b>
91	Realised profit		603,888,102,575	508,265,300,069
92	Unrealised profit		56,417,333,134	23,140,479,113
<b>100</b>	<b>BUSINESS INCOME TAX ("BIT")</b>	<b>5.7</b>	<b>(129,853,741,544)</b>	<b>(98,840,860,805)</b>
100.1	BIT – current		(130,933,357,560)	(97,562,452,910)
100.2	BIT – deferred		1,079,616,016	(1,278,407,895)
<b>200</b>	<b>NET PROFIT AFTER TAX</b>		<b>530,451,694,165</b>	<b>432,564,918,377</b>
<b>300</b>	<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>		-	-
<b>400</b>	<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		-	-
<b>500</b>	<b>EARNINGS PER SHARE</b>			
501	Basic earnings per share (VND/share)	5.8	1,738	1,770
502	Diluted earnings per share (VND share)	5.8	1,738	1,770

**Le Thi Thuy Duong**  
Preparer

**Lam Huu Ho**  
Chief Financial Officer  
cum Chief Accountant

**Trinh Hoai Giang**  
Chief Executive Officer  
18 March 2021

The notes on pages 117 to 169 are an integral part of these financial statements.

## STATEMENT OF CASH FLOWS (INDIRECT METHOD)

Form B 02 – CTCK

Code	ITEM	Note	For the year ended	
			31.12.2020 VND	31.12.2019 VND
<b>Cash flows from operating activities</b>				
<b>01</b>	<b>Net accounting profit before tax</b>		<b>660,305,435,709</b>	<b>531,405,779,182</b>
<b>02</b>	<b>Adjustments for:</b>		<b>171,530,263,399</b>	<b>97,402,357,000</b>
03	Depreciation and amortisation	3.7	27,937,372,890	24,717,774,214
04	Reversal of provisions		-	(23,573,148,070)
06	Interest expenses	5.4	207,049,930,074	137,256,059,537
07	Profits from investing activities		(54,708,333)	(95,013,636)
08	Accrued interest income		(63,402,331,232)	(40,903,315,045)
<b>10</b>	<b>Increase/(decrease) for non-cash expenses</b>		<b>43,120,614,059</b>	<b>(516,304,050)</b>
11	Increase/(decrease) revaluation losses of FVTPL financial assets and covered warrants liabilities		43,120,614,059	(516,304,050)
<b>18</b>	<b>Increase for non-cash income</b>		<b>(99,537,947,193)</b>	<b>(22,624,175,063)</b>
19	Increase revaluation gains of FVTPL financial assets and covered warrants liabilities		(99,537,947,193)	(22,624,175,063)
<b>30</b>	<b>Changes in working capital</b>		<b>(5,405,931,732,386)</b>	<b>(1,449,551,028,333)</b>
31	Increase in FVTPL financial assets		(1,622,581,402,055)	(454,584,292,576)
33	Increase in loans		(3,889,344,881,663)	(1,434,698,488,750)
37	Decrease in service-related receivables		124,903,001,764	424,445,031,797
39	Decrease in other receivables		42,168,804,287	14,216,558,439
41	Increase/(decrease) in accrued expenses (excluding interest expenses)		7,741,821,136	(37,810,538,371)
42	Decrease/(increase) in prepaid expenses		9,778,408,813	(270,461,040)
43	BIT paid	3.13	(119,377,759,690)	(90,420,756,280)
44	Interest paid		(197,965,708,789)	(128,261,747,739)
45	Increase/(decrease) in trade payables		2,590,226,864	(6,783,957,063)
46	Increase in employee welfare payables		918,210,229	260,652,936
47	Increase/(decrease) in tax and other payables to the State (excluding BIT paid)		17,490,620,008	(1,669,811,456)
50	Increase in other short-term payables (including covered warrants liabilities)		389,253,463,753	170,388,900,170
51	Other receipts from operating activities		-	95,637,881,600
52	Other payments for operating activities		(171,506,537,043)	-
<b>60</b>	<b>Net cash outflows for operating activities</b>		<b>(4,630,513,366,412)</b>	<b>(843,883,371,264)</b>
<b>Cash flows from investing activities</b>				
61	Cash paid for purchases of fixed assets		(23,145,130,826)	(28,334,699,237)
62	Proceeds from disposals of fixed assets		498,300,000	104,515,000
<b>70</b>	<b>Net cash outflows for investing activities</b>		<b>(22,646,830,826)</b>	<b>(28,230,184,237)</b>

The notes on pages 117 to 169 are an integral part of these financial statements.



## GENERAL INFORMATION

### Establishment and listing

Ho Chi Minh City Securities Corporation ("the Company") is a joint stock company incorporated in Vietnam under Business registration certificate No. 4103001573 issued by the Department of Planning and Investment of Ho Chi Minh City on 23 April 2003 and the Establishment and operation licence No. 11/UBCK-GPHDKD issued by the State Securities Commission ("SSC") on 29 April 2003. The Establishment and operation licence was amended several times and the latest amendment No. 13/GPĐC-UBCK was issued on 16 March 2020.

The Company was listed on the Ho Chi Minh City Stock Exchange in accordance with Decision No. 27/QĐ-SGDHCM issued by the Ho Chi Minh City Stock Exchange on 20 April 2009.

### Headquarter and contact information

The Company is headquartered at 5th – 6th Floor, AB Tower, 76 Le Lai Street, Ben Thanh Ward, District 1, Ho Chi Minh City, Vietnam.

Email: info@hsc.com.vn

Telephone: (+84 28) 3823 3299

### Company charter

The Company's Charter was latest updated on 23 June 2020.

### Capital size

	As at 31 December 2020 ("reporting date") VND
The Company's charter capital	3,058,822,630,000
Total owners' equity	4,440,354,531,385
Total assets	12,488,827,553,087

### Investment objectives and investment restrictions

Being a listed broker firm in the Vietnamese securities market, the Company aims to contribute to the development of the securities market and deliver benefits to customers, investors and its shareholders. The Company's investment portfolio and its restrictions shall follow the investment objectives and investment strategy as stipulated in its Articles of association and applicable securities rules.

### Structure of the Company and businesses

As at the reporting date, the Company had 4 branches and transaction offices in Vietnam.

### Principal activities

The principal activities of the Company include provision of securities brokerage service, margin loans, proprietary securities trading, securities investment consultancy service, corporate finance consultancy service, underwriting securities services and securities custodian services.

### Overview of business operations during the year and their impacts to the financial statements

In 2020, the Company's profit after tax increased by 23% as compared to the result of 2019, details are as follows:

- Brokerage fee income increased by 29% mostly due to a rise of 59% in trading volume of shares in Viet Nam's market;
- Income from proprietary trading (including net gains on disposal of financial assets, dividends and interest income, and revaluation gains of financial assets) increased by 79% mainly due to positive market conditions for investment. In addition, the Company has been investing in corporate bonds since the end of 2019 which contributes bond interest income to the total income from proprietary trading in 2020;
- Financial consultancy service income decreased by 30% as compared to 2019 due to fewer financial consultancy transactions completed in the year 2020;
- Operating expenses (excluding losses from FVTPL financial assets and interest expenses) slightly increased by 18%, in line with higher revenue and income;
- Interest expenses from bank borrowings increased by 33% as compared to 2019 as the Company raised new borrowings to supplement working capital during the year;
- General and administrative expenses increased by 16% as compared to 2019 due to increase in headcounts at supporting functions to cope with the Company's expansion.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation of financial statements

The financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System, Circular 210/2014/TT-BTC dated 30 December 2014 ("Circular 210/2014/TT-BTC"), Circular 334/2016/TT-BTC dated 27 December 2016 ("Circular 334/2016/TT-BTC"), Official Letter No. 6190/BTC-CDKT dated 12 May 2017 ("Official Letter 6190/BTC-CDKT") and Circular 23/2018/TT-BTC dated 12 March 2018 ("Circular 23/2018/TT-BTC") all issued by the Ministry of Finance, and prevailing regulations on preparation and presentation of financial statements applicable to securities companies operating in Vietnam.

The accompanying financial statements are not intended to present financial position and results of operations, cash flows and changes in equity in accordance with accounting principles generally accepted in 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 financial statements in Vietnamese language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Vietnamese language financial statements.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss ("FVTPL") and available-for-sale financial assets ("AFS") based on market value or fair value (in case market value is indeterminable).

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Accounting estimates

The preparation of financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and prevailing regulations on preparation and presentation of financial statements applicable to securities companies operating in Vietnam 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 reporting date and the reported amounts of revenues and expenses during the financial year.

The areas involving significant estimates and assumptions are as follows:

- Market value/fair value of financial assets (Note 2.7 and Note 3.2);
- Provisions for impairment loss of loans (Note 2.7 and Note 3.3);

### Form of records applied

The Company uses the accounting software tailored in general journal to record its transactions.

### Fiscal year

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

### Currency

The financial statements are presented in the Vietnamese Dong ("VND"), which is also the Company's accounting currency.

The Company determines their accounting currency based on the currency which is mainly used in trading securities and rendering of services, which has a significant impact on selling prices of securities and services, which is normally used to set the prices and receive payments; which is mainly used in purchases of goods or services, which has a significant impact on staff costs or operating costs, and is normally used as payments for those costs.

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

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates. Foreign exchange differences arising from these transactions are recognised in profit or loss of the statement of comprehensive income.

Monetary assets and liabilities denominated in foreign currencies at the reporting date, except liabilities that have been hedged, are respectively translated at the buying and selling exchange rates at the reporting date of the commercial bank where the Company regularly trades. Foreign currencies deposited in bank at the reporting date are translated at the buying exchange rate of the commercial bank where the Company opens the foreign currency accounts.

Foreign exchange differences arising from these translations are recognised as income or expenses in profit or loss of the statement of comprehensive income.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank of the Company, security deposit for covered warrants issued and other short-term investments with maturity within three (3) months since purchase, which are highly liquid, readily convertible to cash and subject to an insignificant risk of conversion.

Cash of customers for securities trading activities and cash of issuers are accounted for off statement of financial position.

### Financial assets

#### Classification and measurement

*Financial assets measured at fair value through profit or loss ("FVTPL")*

Financial assets at fair value through profit or loss are financial assets held for trading or designated by the Board of Management at initial recognition at fair value through profit or loss.

A financial asset is classified as held for trading if meeting one of the following conditions:

- It is purchased or created for resale/repurchase in short term; or
- At initial recognition, it constitutes a part of an identified portfolio of financial instruments which are traded for short-term profits; or
- It is a derivative (except those defined as financial guarantees or effective hedges).

At initial recognition, a financial asset is designated at financial asset fair value through profit or loss if such designation promotes the fairness of its presentation due to one of the following reasons:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency (also called as "accounting mismatch") that would otherwise arise due to different bases; or
- It gives rise to a group of financial assets whose performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and internally disseminated to the Company's key management (as defined in Vietnamese Accounting Standard on Related parties disclosure) such as Board of Directors, Board of Management and major shareholders.

Financial assets at fair value through profit or loss are initially recorded at cost exclusive of transaction costs. Transaction costs related to purchases of FVTPL financial assets are expensed off immediately.

Financial assets at fair value through profit or loss are subsequently measured at market value or fair value (in case market value is indeterminable). Those shares, including derivatives to be settled in shares, that not traded on active market or those whose fair value is not reliably determined are accounted at cost.

All gains or losses from change in fair value of FVTPL financial assets are recognised in profit or loss of the statement of comprehensive income.

### Held-to-maturity financial assets ("HTM")

HTM financial assets are non-derivative financial assets with the following characteristics:

- Payments are fixed or determinable;
- Maturity is fixed;
- The Company has positive intention and ability to hold to maturity.

The following assets are excluded from HTM financial assets:

- Non-derivatives classified as FVTPL financial assets at initial recognition;
- Non-derivatives classified as available-for-sale ("AFS") financial assets; and
- Non-derivatives qualifying conditions to be classified as loans and receivables.

HTM financial assets are initially recorded at cost inclusive of directly attributable purchase costs, subsequently measured at amortised cost using effective interest rate method ("EIR").

Effective interest method is a method used in calculating the amortised cost of an HTM financial asset or a group of HTM financial assets and in the allocation and recognition of the interest revenue or interest expense in profit or loss over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the financial instrument's expected life, or a shorter period where appropriate, to the net present value of a financial asset or a financial liability.

Amortised cost of HTM financial assets is determined at historical cost less principal received plus (or less) accumulated amortisation using effective interest rate method between historical cost and maturity value, less impairment loss (if any).

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As at reporting date, HTM investments are provided for impairment loss when there is any objective evidence of impairment or uncollectibility as a result of one or more events that occurred subsequent to the initial recognition and affected estimated future cash flows of HTM investments. Objective evidence of impairment may include:

- Significant financial difficulty of the issuer or the obligor;
- A breach of contract, such as default or delinquency in interest or principal payments;
- The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:
  - Adverse changes in the payment status of borrowers in the group; or
  - National or local economic conditions that correlate with defaults on the assets in the group.

Provision for impairment of HTM financial assets is determined at the difference of the estimated recoverable amount and the carrying value of HTM financial assets at the reporting date. Provision/(reversal of provision) for such impairment is debited/credited to expenses in profit or loss of the statement of comprehensive income.

HTM financial assets are classified as current and non-current assets in the statement of financial position based on their remaining maturity as at the reporting date.

### Loans

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

In the reporting year, the Company had the following types of loans:

- Margin loans: the amounts lent to customers for their purchases of listed securities in accordance with Decision 87/QD-UBCK issued by the State Securities Commission on 25 January 2017. According to this regulation, the initial margin (ratio of net equity to market value of security to be purchased on margin as at trading date) is set by the Company but shall be not lower than 50%. The margin loans are collateralised by securities eligible for margin lending;
- Trading advances: the amounts advanced to customers at the trading date. These amounts are repaid within two (2) trading days.

Loans are initially recorded at cost and subsequently measured at amortised cost using the effective interest rate method ("EIR").

Amortised cost of loans is determined at historical cost less principal received plus (or less) accumulated amortisation using the EIR between historical cost and maturity value, less impairment loss (if any).

As at reporting date, loans are provided for impairment loss when there is any objective evidence of impairment. Provision for impairment of loans is determined at the difference of market value of collateral and the carrying value of loans at the reporting date. Provision/(reversal of provision) for such impairment is debited/(credited) to expenses in profit or loss of the statement of comprehensive income.

### Available-for-sale financial assets ("AFS")

At the reporting date, AFS financial assets are measured at fair value. Those shares not traded on active market or those whose fair value is not reliably determined are accounted at cost.

All gains or losses from revaluation of AFS financial assets are accounted for directly in equity (other comprehensive income) through the statement of changes in equity, exclusive of impairment losses. Such recognition is applied until the asset is de-recognised.

At derecognition, accumulated gains or losses in equity are recognised in profit or loss of the statement of comprehensive income as a reclassification. Gains using

effective interest method is recognised in profit or loss of the statement of comprehensive income in accordance with Standard on Revenue recognition.

As at reporting date, AFS financial assets are provided for impairment loss when there is any objective evidence of impairment.

Objective evidence of impairment for debt instruments may include those identified as for HTM financial instruments.

Objective evidence of impairment for equity instruments may include:

- Significant changes which adversely affect the issuer's operations as a result of their impacts on the technological, market, economic or legal environment, and indicates that the cost of the equity instrument may not be recovered;
- A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Provision for impairment is determined at the difference of the estimated recoverable amount and the carrying value of AFS financial assets at the reporting date.

Impairment loss of AFS financial asset is recorded directly to previously recognised revaluation gain in equity (if any), when there is objective evidence that the AFS financial asset is impaired, accumulated revaluation loss in equity is reclassified to profit or loss of the statement of comprehensive income despite that asset is yet derecognised.

### Reclassification

#### Reclassification of non-FVTPL financial assets upon disposal

Non-FVTPL financial assets are reclassified to FVTPL financial assets before disposal. Accumulated revaluation of AFS financial assets in equity will be recorded on the statement of comprehensive income as a reclassification.

#### Reclassification due to change in intention/ability to hold the financial assets

Reclassification of financial assets due to change in intention/ability to hold the assets is permitted, provided that:

- Non-derivative FVTPL financial assets that are not required to be classified as FVTPL at initial recognition may be reclassified as loans and receivables in limited circumstances or cash and cash equivalents if meeting certain conditions for reclassification. Gains and losses from revaluation of FVTPL financial assets arising before the reclassification are not reversed;
- If the change in intention/ability to hold a financial asset results in it being inappropriately reclassified as an HTM asset, that asset must be reclassified as AFS and re-measured at fair value. Difference between its carrying value and fair value is recognised in profit or loss of the statement of comprehensive income as a reclassification.

### Recognition/de-recognition

Purchases and sales of financial assets are recognised on trade date – the date on which the Company becomes a party to the contractual provisions of the instruments.

Financial assets are de-recognised when the right to receive cash flows from the financial assets has expired or the Company has transferred substantially all risks and rewards of ownership of those financial assets.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, but has neither transferred substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Initial recognition

FVTPL financial assets are initially recognised at purchase cost exclusive of transaction costs. Other financial assets are initially recorded at historical cost including directly attributable purchase cost.

Bonus issues and stock dividends are initially recognised as financial assets at nil cost.

### Determination of market value/fair value

The Company applies valuation bases of financial assets in accordance with Circular 87/2017/TT-BTC dated 15 August 2017 regarding capital adequacy ratio of securities trading entities ("Circular 87/2017/TT-BTC") and Circular 146/2014/TT-BTC dated 6 October 2014 regarding financial regimes for securities companies and fund management companies ("Circular 146/2014/TT-BTC"), both issued by the Ministry of Finance in determining the market value/fair value of financial assets, in particular:

*Shares listed on stock exchanges, shares of the public companies registered for trading on the Unlisted Public Company Market ("UPCoM")*

These shares are revalued at the closing price of the latest trading date prior to the valuation date.

### Other shares

Other shares are measured at fair value based on review of financial position and book value of the issuers at valuation date.

### Bonds listed on stock exchanges

These bonds are revalued basing on the quoted price (also called "clean price") on stock exchanges at the latest trading date prior to the valuation date plus accumulated accrued interests. Those bonds not traded for more than two (2) weeks prior to valuation date are carried at their purchase prices plus accumulated accrued interests.

### Unlisted bonds

Unlisted bonds are measured at their purchase prices plus accumulated accrued interests.

### Certificates of open-ended funds/exchanged traded fund ("ETF")

These open-ended funds/ETF certificates are revalued at net asset value per fund unit at the fund's latest reporting date prior to the valuation date of the Company.

### Delisted shares/shares suspended from six days or longer

These shares are revalued based on its book value at the latest reporting date.

Unless otherwise stated above, securities are measured at fair value based on review of financial position and book value of the issuers at valuation date.

### Recognition of gains/(losses)

#### Purchase transaction costs

Transaction costs related to purchases of FVTPL financial assets are expensed off, while transaction costs related to purchases of other financial assets are included in the purchase cost of these assets.

#### Selling transaction costs

Selling transaction costs are expensed off.

### Gain/(loss) on disposal

Gain/(loss) on disposal of financial assets are accounted for as income/(expenses) in profit or loss of the statement of comprehensive income. Costs of disposed financial assets are determined using the weighted average method up to the end of trading dates.

### Provision/(reversal of provision) for impairment of financial assets

Provision/(reversal of provision) for impairment of financial assets is debited/ credited to expenses in profit or loss of the statement of comprehensive income.

### Receivables

Receivables comprise receivables from disposal of financial assets, dividend and interest receivable, service-related receivables, receivables from trading errors and other receivables. Receivables are recorded on an accrual basis and presented at cost less provision for impairment or uncollectibility (if any).

Receivables are classified as current and non-current assets in the statement of financial position based on their remaining maturity as at the reporting date.

Provision for doubtful debts is made for each outstanding amount based on number of days past due according to initial payment commitment (ignoring any mutually agreed extension), or based on the estimated loss that may arise. Bad debts are written off when identified.

Provision/(reversal of provision) for impairment is debited/ credited to expenses in profit or loss of the statement of comprehensive income.

### Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date ("repos") are not de-recognised from the statement of financial position. The corresponding proceeds are recognised in the statement of financial position as a liability. The differences between the selling prices and the repurchase prices are recognised as interest expenses and are accrued over the agreement periods.

Conversely, securities purchased under agreements to resell at a specified future date ("reverse repos") are not recognised in the statement of financial position. The corresponding cash paid are recognised in the statement of financial position as assets. The differences between the purchase prices and resale prices are recognised as interest income and are allocated over the agreement periods.

For overdue commitments, the Company considers making provision for impairment.

### Futures

Futures are listed derivatives in which the parties commit to:

- Buy or sell a quantity of underlying asset at a pre-determined price on a pre-determined future date; or
- Settle the difference between the pre-determined transaction price and the price of the underlying asset on the pre-determined future date.

The Company accounts for futures in accordance with guidance of the Official Letter 6190/BTC-CĐKT, in particular:

#### Proprietary trading activities

Deposit for derivatives trading activities is accounted as "Other current assets" in the statement of financial position.

Securities deposited for derivatives trading activities are not de-recognised but rather monitored under sub-accounts of the same type of financial assets and separately disclosed in the financial statements.

Gain (or loss) on futures positions are determined and settled on a daily basis at the difference between the closing settlement price on accounting date and that on the latest trading date. Gain (or loss) on futures position is accounted as realised income (or expense) in the statement of comprehensive income under item "Gain (or loss) on disposal of FVTPL financial assets".

Interest arising on deposit for derivatives trading activities is accounted as a financial income in the statement of comprehensive income under item "Dividend income and interest income from demand deposits".

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Brokerage activities

Deposit in Derivatives Clearing Fund is accounted as "Other non-current assets" in the statement of financial position.

Revenue on futures brokerage is accounted in the statement of comprehensive income under item "Brokerage fee income".

Cash and securities deposited for derivatives trading activities of customers is accounted for off statement of financial position under item "Customers' deposits for derivatives trading" and "Customers' deposits at VSD".

### 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 statement of comprehensive income.

### Construction in progress

Construction in progress represents the cost of assets in the course of completion for operation or administrative purposes, including all necessary costs for qualifying assets. Depreciation of these assets, on the same basis as other fixed assets, commences when they are ready for their intended use.

### Leased assets

Leases where a significant portion of the risks and rewards incidental to the asset ownership are retained by the lessor are classified as operating leases. Operating lease payments are charged to the statement of comprehensive income on a straight-line basis over the lease term.

### Prepaid expenses

Prepaid expenses include prepayments for goods and services, tools and equipment not qualified to be recognised as fixed assets under prevailing regulations. Prepaid expenses are initially recorded at cost and allocated to expenses over their estimated useful lives using straight-line method.

The following items are classified as prepaid expenses and amortised to expenses over two (2) to forty (40) years in profit or loss of the statement of comprehensive income:

- Office renovations;
- Office rentals; and
- Office supplies.

### Short-term/long-term security deposits

Short-term/long-term security deposits are recognised when the Company makes its payments in accordance with

the contractual terms and are classified as other current/non-current assets.

### Liabilities

#### Recognition/de-recognition

Liabilities are recognised when the Company has an obligation as a result of receipts of assets, commits or becomes a party to the contractual provisions. Liabilities are de-recognised when such obligations are fully discharged. Liabilities are recognised on an accrual basis and on prudence concept.

#### Classification

Classifications of liabilities are based on the type of transactions on which they arise as follows:

- Borrowings;
- Issued bonds;
- Trading obligations;
- Covered warrant liabilities;
- Trade payables arising from purchases of financial assets, goods or services; and
- Other payables including non-trade payables and those not arising from purchases of financial assets, goods and services.

Liabilities are classified as current and non-current liabilities in the statement of financial position based on their remaining year from the reporting date to their maturity dates.

#### Offsetting financial instruments

Financial liabilities are contractual obligations to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company, or contracts that may be settled in the Company's own equity instruments.

Financial assets and liabilities are offset, and the net amount is presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Company has an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### Borrowings

Borrowings include borrowings from banks. Borrowings are stated at cost as at reporting date.

Borrowings are classified as current and non-current liabilities in the statement of financial position based on their remaining year from the reporting date to their maturity dates.

### Covered warrants

Covered warrant is a collateralised securities issued by the securities companies that gives the holders the right to buy from (call warrant) or sell to (put warrant) the warrant issuer an underlying asset at a pre-determined price, at or by a pre-determined point of time, or receive an amount of cash at the difference between exercise price and price of the underlying asset on exercise date. The securities companies issuing covered warrants are required to deposit cash and financial assets, or obtain bank guarantees to secure their obligations to the warrant holders.

The Company accounts for covered warrants in accordance with guidance of the Circular 23/2018/TT-BTC, in particular:

#### Covered warrants issued by the Company

Proceeds from issuance of warrants are accounted as covered warrant liabilities.

When the Company buys back covered warrants it issued for market-making purpose, or when the covered warrants are delisted and buybacks are mandatory, positive (or negative) differences between buyback price and carrying value of covered warrants are recognised as gain (or loss) in the statement of comprehensive income.

### Fixed assets

#### Tangible and intangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation or amortisation. Historical cost includes all costs necessary to bring the assets to working condition for their intended use. Subsequent expenditures can be capitalised only if they result in probable future economic benefits from using the assets. Unqualified expenditures are immediately expensed off.

#### Depreciation and amortisation

Fixed assets are depreciated/amortised using the straight-line method to write off the historical cost of the fixed assets over their estimated useful lives, specifically as below:

Motor vehicles	6 years
Office equipment	3 - 5 years
Computer software	3 - 4 years

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All costs incurred for buybacks and issuance of covered warrants are expensed off immediately. Indemnifications and late payments for customers are accounted as other expenses.

As at reporting date, covered warrants are fair valued. Increase (or decrease) in fair value of covered warrants is recognised in gain (or loss) in the statement of comprehensive income.

Gain (or loss) on expiry of covered warrant is recognised as gain (or loss) on disposal of FVTPL financial assets in the statement of comprehensive income.

Authorised quantity of covered warrants, issued quantity of covered warrants and buyback quantity of covered warrants are monitored off the statement of financial position. Such quantities as at reporting date are disclosed in off the statement of financial position items.

### **Securities used as hedges against covered warrants**

Securities used as hedges against position of covered warrants are monitored under separate accounts and revalued at reporting date. Revaluation result is accounted similarly to FVTPL financial assets.

### **Proprietary trading of covered warrants**

When the Company purchases covered warrants issued by other issuers for investing purpose, such covered warrants are accounted as FVTPL financial assets.

### **Income tax paid on behalf of investors**

According to the prevailing taxation regulations in Vietnam, the Company is required to withhold foreign contractor tax of 0.1% on trading proceeds of foreign institutional investors and pay on their behalf. For individual investors (both residents and non-residents), the Company is required to withhold personal income tax of 0.1% on their trading proceeds. The Company will declare and make tax payment on behalf of these investors. For local institutional investors, the Company is not responsible for withholding tax as these entities are responsible for their

own tax payments and declarations.

### **Accrued expenses**

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

### **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. Provisions are not recognised for future operating losses.

Provisions are measured at the expenditures expected to be required to settle the obligations. If the time value of money is material, provisions will be measured at the present value using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the obligations. The increases in the provision due to passage of time are recognised as financial expenses.

Changes in the provision balances during the year are debited or credited to operating expenses.

### **Provisions for severance allowances**

In accordance with Vietnamese labour laws, employees of the Company who have worked regularly for full 12 months or longer, are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Company less the period during which the employee participates in the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Company.

The severance allowance is accrued at the end of the year on the basis that each employee is entitled to half of an average monthly salary for each working year. The average monthly salary used for calculating the severance allowance is the employee contract's average salary for the six-month period prior to the reporting date.

This allowance will be paid as a lump sum when employees terminate their labour contracts in accordance with current regulations.

### **Equity**

#### **Owners' capital**

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 in accordance with the Law on securities. Treasury shares are recorded at cost and deducted from equity. The Company does not account for gains/(losses) from purchase/sale, issuance/cancellation of its equity instruments.

#### **Revaluation reserve**

Revaluation reserve reflects the differences arising on revaluation of AFS.

#### **Financial and operational risk reserve and supplementary capital reserve**

According to Circular 146/2014/TT-BTC, the securities companies and fund management companies are required to make annual appropriation to the financial and operational risk reserve and supplementary capital reserve at 5% of the post-tax profit for each reserve in each of its profitable years until the accumulated balance of each reserve reaches 10% of the charter capital.

Financial and operational risk reserve is made to compensate the residual losses and damages arising in operation beyond the indemnification received from the parties causing damages and insurance companies and the utilisation of indemnity funds and the relevant provisions made.

Supplementary capital reserve serves as a financial resource to increase charter capital.

#### **Other equity funds**

Other equity funds are made in accordance with resolutions of Annual General Meeting of shareholders.

#### **Undistributed earnings**

Undistributed earnings represent cumulative undistributed post-tax profits at the reporting date including cumulative realised profits and cumulative unrealised profits.

Unrealised profit/(loss) of the year is the total difference between gain and loss arising from revaluation of financial assets at FVTPL or other financial assets charged into the statement of comprehensive income and deferred income tax arising from such revaluation.

Realised profit during the year is the difference between total revenue, income and total expenses in the statement of comprehensive income, except for gain or loss arising from revaluation of financial assets recognised in unrealised profit/(loss).

#### **Dividend distribution**

The Company's dividend declaration is recognised as a liability in the financial statements when the dividend is approved by in the General Meeting of Shareholders or when the Board of Directors declares interim dividends in accordance with the Company Charter and prevailing regulations.

Dividend base for distribution is post-tax realised profits after deducting amounts appropriated to financial and operational risk reserve and supplementary capital reserve.

#### **Assets of customers and liabilities to customers**

Assets of customers and liabilities to customers are presented as off interim statement of financial position including:

- Customers' deposits for securities trading, cash of securities issuers and related liabilities; and
- Financial assets of customers.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Revenue and income recognition

#### Revenue from provision of services to investors

Revenue from provision of services to investors comprises securities brokerage fees, securities underwriting fees, financial consultancy fees, securities custody service and entrustment service fees.

Revenue from the provision of services is recognised in the statement of comprehensive income when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue from the provision of services is only recognised when all four following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The percentage of completion of the transaction at the reporting date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of a service delivery transaction cannot be ascertained, revenue is recognized in proportion to the recognised and recoverable cost.

Revenue deductions include price discounts. Revenue deductions incurred in the same period of the related revenue are recorded as a deduction from the revenue of that period.

Revenue deductions incurred after the reporting date but before the issuance of the financial statements are recorded as a deduction from the revenue of the reporting period.

#### Income from proprietary trading of financial assets

Income from proprietary trading of financial assets comprises gain/(loss) from sales or disposal of financial assets and dividend income.

Gain/(loss) from sales or disposal of financial assets is measured as difference between selling price before selling costs and costs of securities disposed. Costs of securities disposed are determined using the weighted average method up to the end of trading dates.

Dividend income is recognised in the statement of comprehensive income when the Company's right to receive dividend is established, except for scrip dividends whose quantity is added to the Company's securities portfolio and is not recognised as income.

#### Income from working capital management

Income from working capital management comprises interest income from deposits at bank, income from HTM investments, income from margin loans and trading advances. This income is recognised on an accrual basis unless collectability is in doubt.

#### Revenue from securities repurchase and reverse repurchase agreements

Revenue from securities repurchase and reverse repurchase agreements is recognised over the life of the agreement.

#### Other income

Other income includes non-recurring income generated from activities other than those generating the revenue and income described above.

### Expenses

#### Recognition

Expenses are recognised on an accrual basis, matching with revenue and on prudence concept.

#### Classification

Expenses are classified by function as follows:

- Operating expenses;
- Financial expenses;
- General and administrative expenses; and
- Other expenses.

#### Financial income

Financial income reflects income from investment activities arising during the year including interest income from bank deposits.

### Borrowing costs

Borrowing costs that are directly attributable to the construction or completion of any qualifying assets are capitalised during the year that is required to complete and prepare the asset for its intended use.

In respect of general-purpose borrowings, a portion of which is used for the purpose of construction or completion 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 that assets. The capitalisation rate is the weighted average of the interest rates applicable to the Company's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Other borrowing costs are charged to expenses in the statement of comprehensive income when incurred.

### General and administration expenses

General and administration expenses represent expenses for administrative purposes.

### Current and deferred income tax

Income taxes include all income taxes which are based on taxable profits including profits generated from operations and trading activities in other countries that Vietnam has not signed any double tax relief agreement. Income tax expense comprises current tax expense and deferred income tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profit at the current tax rates. Current and deferred income tax should be recognised as an income or an expense and included in profit or loss for the year, except to the extent that the 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 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 reporting 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.

### 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 fellow subsidiaries 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 enterprise, key management personnel, including The Board of Directors and the Board of Management of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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

### Segment reporting

A segment is a separable component of the Company engaged in trading securities or providing services (business segment), or trading securities or providing 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.

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

### Nil items

Items required by Circular 334/2016/TT-BTC, Official Letter 6190/BTC-CĐKT and Circular 23/2018/TT-BTC that are not presented in these financial statements indicate nil items.

## NOTES TO THE STATEMENT OF FINANCIAL POSITION

### Cash

	As at	
	31.12.2020 VND	31.12.2019 VND
<b>Cash</b>		
Cash on hand	320,240,493	282,536,566
Cash at bank	61,440,624,254	837,260,689,806
Security deposit for covered warrants issued (*)	145,100,000,000	69,000,000,000
<b>Total</b>	<b>206,860,864,747</b>	<b>906,543,226,372</b>

(\*) This balance represents security deposit at custodian banks in relation to covered warrants issued by the Company. This deposit is blocked during the effective period of the covered warrants and maintained at least 50% of the value of the issued covered warrants, excluding those delisted covered warrants in accordance with Circular 107/2016/TT-BTC issued by the Ministry of Finance on 29 June 2016.

### Financial assets measured at fair value through profit or loss ("FVTPL")

	Ticker symbol	As at 31.12.2020		As at 31.12.2019	
		Cost VND	Market value/fair value VND	Cost VND	Market value/fair value VND
<b>Listed shares and shares traded on UPCoM</b>		<b>1,094,278,046,749</b>	<b>1,109,899,032,848</b>	<b>360,948,994,027</b>	<b>321,227,493,648</b>
Hoa Phat Group Joint Stock Company	HPG	119,310,637,205	125,368,053,450	2,345,112,669	2,372,325,000
Technological and Commercial Joint Stock Bank	TCB	102,194,797,438	111,300,903,000	17,845,690,449	17,462,136,600
Viet Nam Dairy Products Joint Stock Company	VNM	87,541,184,324	86,846,368,400	3,996,792,268	3,909,973,000
Vingroup Joint Stock Company	VIC	78,786,826,736	80,225,972,000	3,195,480,736	3,196,080,000
Vietnam Prosperity Joint-Stock Commercial Bank	VPB	74,221,141,403	76,570,065,000	21,988,881,980	20,336,680,000
Military Commercial Joint Stock Bank	MBB	49,322,643,032	49,897,281,000	170,048,570,935	154,448,944,000
Mobile World Investment Corporation	MWG	45,468,463,360	46,400,487,200	67,247,958,612	63,776,388,000
Others		537,432,353,251	533,289,902,798	74,280,506,378	55,724,967,048
<b>Unlisted and unregistered shares</b>		<b>9,849,000,000</b>	<b>334,084,000</b>	<b>19,009,000,000</b>	<b>4,833,498,000</b>
<b>Underlying assets designated as hedges for covered warrants</b>		<b>932,259,927,594</b>	<b>1,004,072,574,000</b>	<b>74,115,366,734</b>	<b>73,306,695,400</b>
Hoa Phat Group Joint Stock Company	HPG	194,995,190,750	217,894,525,800	-	-
FPT Corporation	FPT	91,678,991,563	95,489,170,200	19,752,343,224	20,188,124,000
Mobile World Investment Corporation	MWG	87,701,560,282	90,247,478,000	22,618,399,146	22,761,240,000
Vietnam Prosperity Joint-Stock Commercial Bank	VPB	79,986,737,804	87,016,800,000	-	-
Technological and Commercial Joint Stock Bank	TCB	76,509,154,400	94,767,120,000	-	-

	Ticker symbol	As at 31.12.2020		As at 31.12.2019	
		Cost VND	Market value/fair value VND	Cost VND	Market value/fair value VND
Vinhomes Joint Stock Company	VHM	71,317,148,712	74,990,260,000	-	-
Viet Nam Dairy Products Joint Stock Company	VNM	71,300,636,822	70,752,640,000	6,267,307,012	5,968,295,000
Others		258,770,507,261	272,914,580,000	25,477,317,352	24,389,036,400
<b>Listed bond</b>		<b>913,742,600,000</b>	<b>932,804,513,518</b>	<b>500,989,500,000</b>	<b>505,470,280,219</b>
Bank for Investment and Development of Vietnam	BID11908	499,747,900,000	503,636,349,414	499,989,500,000	504,470,280,219
Vietnam Bank for Social Policies	BVBS18164	1,000,000,000	1,019,041,096	1,000,000,000	1,000,000,000
Vietjet Aviation Joint Stock Company (*)	VJC11912	412,994,700,000	428,149,123,008	-	-
<b>Unlisted bond</b>		<b>-</b>	<b>-</b>	<b>386,124,240,000</b>	<b>401,164,979,441</b>
Vietjet Aviation Joint Stock Company (*)	BVJC201901	-	-	386,124,240,000	401,164,979,441
<b>ETF certificates</b>		<b>13,788,161,044</b>	<b>14,114,395,757</b>	<b>149,232,571</b>	<b>151,437,600</b>
VFMVN30 ETF	E1FVN30	10,527,910,282	10,824,248,480	149,232,571	151,437,600
VFMDIAMOND ETF	FUEFVND	2,229,905,678	2,259,802,193	-	-
MAFMVN30 ETF	FUEMAV30	1,030,345,084	1,030,345,084	-	-
<b>Total</b>		<b>2,963,917,735,387</b>	<b>3,061,224,600,123</b>	<b>1,341,336,333,332</b>	<b>1,306,154,384,308</b>

(\*) Bonds issued by Vietjet Aviation Joint Stock Company were officially listed on Ho Chi Minh City Stock Exchange on 2 November 2020.

Detailed information of bonds are as follows:

	Collateral assets	Issuance date	Maturity date	Interest rate per annum	Par value/share VND
<b>Listed bond</b>					
Bank for Investment and Development of Vietnam - BID11908	No	21/11/2019	21/11/2026	(*)	100,000
Vietnam Bank for Social Policies - BVBS18164	No	14/08/2018	14/08/2023	5%	100,000
Vietjet Aviation Joint Stock Company - VJC11912	No	26/07/2019	26/07/2022	(**)	100,000

(\*) Interest rate is determined at the total of the reference interest and a margin of 1.3% per annum. Interest rate is periodically adjusted every 6 months. The reference interest rate is the arithmetic average of 12-month (or equivalent term) interest rate for VND savings deposits (interest paid in arrears) published on the websites of the four (04) banks being Vietnam Bank for Agriculture and Rural Development ("Agribank"), Vietnam Bank for Industry and Trade ("Vietinbank"), Joint Stock Commercial Bank for Foreign Trade of Vietnam ("Vietcombank") - Transaction Office, and Joint Stock Commercial Bank for Investment and Development of Vietnam ("BIDV") - Hanoi.

If the issuer does not redeem the bond on redemption date, the interest rate applied for 6th and 7th interest period will be the total of the reference interest rate and a margin of 3.55% per annum.

(\*\*) Interest rate for the first two (02) periods is 9.0% per annum. Interest rate for each period thereafter is the total of 3.0% per annum and the reference interest rate. The reference interest rate is the arithmetic average of the twelve (12) month (or equivalent term) deposit interest rate for VND corporate savings (interest paid in arrears) published on the interest determination date by the four banks being BIDV, Vietinbank, Vietcombank and Agribank.

## NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

### As at 31 December 2020

	Comparison to market price or fair value			Market price/ fair value VND
	Cost VND	Increase VND	Decrease VND	
Listed shares and shares traded on UPCoM	1,094,278,046,749	33,832,036,432	(18,211,050,333)	1,109,899,032,848
Unlisted and unregistered shares	9,849,000,000	-	(9,514,916,000)	334,084,000
Underlying assets designated as hedges for covered warrants	932,259,927,594	72,360,643,228	(547,996,822)	1,004,072,574,000
Listed bond	913,742,600,000	19,061,913,518	-	932,804,513,518
ETF certificates	13,788,161,044	326,234,713	-	14,114,395,757
<b>Total</b>	<b>2,963,917,735,387</b>	<b>125,580,827,891</b>	<b>(28,273,963,155)</b>	<b>3,061,224,600,123</b>

### As at 31 December 2019

	Comparison to market price or fair value			Market price/ fair value VND
	Cost VND	Increase VND	Decrease VND	
Listed shares and shares traded on UPCoM	360,948,994,027	727,671,953	(40,449,172,332)	321,227,493,648
Unlisted and unregistered shares	19,009,000,000	-	(14,175,502,000)	4,833,498,000
Underlying assets designated as hedges for covered warrants	74,115,366,734	579,246,630	(1,387,917,964)	73,306,695,400
Listed bond	500,989,500,000	4,480,780,219	-	505,470,280,219
Unlisted bond	386,124,240,000	15,040,739,441	-	401,164,979,441
ETF certificates	149,232,571	2,205,029	-	151,437,600
<b>Total</b>	<b>1,341,336,333,332</b>	<b>20,830,643,272</b>	<b>(56,012,592,296)</b>	<b>1,306,154,384,308</b>

### Loans

	As at 31.12.2020		As at 31.12.2019	
	Amortised cost VND	Provisions VND	Amortised cost VND	Provisions VND
Loans for securities transactions (*)	8,623,841,531,603	37,783,317,946	4,734,496,649,940	37,783,317,946

(\*) The balance represented margin loans and trading advances. Securities purchased on margin are held by the Company as collaterals for margin loans. The market value of collateral assets as at 31 December 2020 was VND33,527,912,173,430 (as at 31 December 2019: VND11,945,957,954,288).

### Provision for loans and doubtful debts

	Doubtful amount		Provision			
	Opening balance VND	Closing balance VND	Opening balance VND	Provision VND	Reversal VND	Closing balance VND
Overdue margin loans (*)	37,783,317,946	37,783,317,946	37,783,317,946	-	-	37,783,317,946
Financial consultancy service fee receivables	1,145,650,000	1,145,650,000	1,145,650,000	-	-	1,145,650,000
Other receivables from securities trading	654,824,202	654,824,202	654,824,202	-	-	654,824,202
<b>Total</b>	<b>39,583,792,148</b>	<b>39,583,792,148</b>	<b>39,583,792,148</b>	<b>-</b>	<b>-</b>	<b>39,583,792,148</b>

(\*) This is the residual amount of margin loans after force sales of collaterals which the Company made full provision since February 2017. The Company fully made provisions for this balance as at 31 December 2020 and 31 December 2019.

### Short-term receivables

	As at 31.12.2020		As at 31.12.2019	
	Carrying value VND	Doubtful amount VND	Carrying value VND	Doubtful amount VND
<b>Service-related receivables</b>				
Receivables from VSD	169,299,572,920	-	-	-
Receivable from securities purchasing (*)	17,000,000,000	-	313,839,645,938	-
Financial consultancy service fee receivables	1,222,650,000	1,145,650,000	1,292,650,000	1,145,650,000
Other receivables from securities trading	5,701,298,867	-	2,994,227,613	-
	<b>193,223,521,787</b>	<b>1,145,650,000</b>	<b>318,126,523,551</b>	<b>1,145,650,000</b>
<b>Other receivables</b>				
Bank interest receivables	63,402,331,232	-	40,903,315,045	-
Others	1,456,458,098	654,824,202	2,601,832,215	654,824,202
	<b>64,858,789,330</b>	<b>654,824,202</b>	<b>43,505,147,260</b>	<b>654,824,202</b>
<b>Total</b>	<b>258,082,311,117</b>	<b>1,800,474,202</b>	<b>361,631,670,811</b>	<b>1,800,474,202</b>

(\*) This is receivable from institutional investors in relation to their purchases of securities. The market collateral value as at 31 December 2020 was VND17,000,000,000 (as at 31 December 2019: VND322,040,000,000).

### Deposits for derivatives trading activities

This is the Company's deposits for its proprietary derivatives trading activities in compliance with Decision No. 96/QĐ-VSD dated 23 March 2017 of the Vietnam Securities Depository.

## NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

### Fixed assets

#### Tangible fixed assets

	Motor vehicles VND	Office equipment VND	Total VND
<b>Historical cost</b>			
As at 1.1.2020	4,009,883,640	82,278,913,729	<b>86,288,797,369</b>
New purchases	1,356,240,000	7,179,405,300	<b>8,535,645,300</b>
Transfers from construction In progress(Note3.7(c))	-	10,708,446,620	<b>10,708,446,620</b>
Disposals	(955,900,000)	-	<b>(955,900,000)</b>
As at 31.12.2020	4,410,223,640	100,166,765,649	<b>104,576,989,289</b>
<b>Accumulated depreciation</b>			
As at 1.1.2020	2,977,607,065	59,091,024,768	<b>62,068,631,833</b>
Charge for the year	373,751,944	15,819,970,012	<b>16,193,721,956</b>
Disposals	(557,608,333)	-	<b>(557,608,333)</b>
As at 31.12.2020	2,793,750,676	74,910,994,780	<b>77,704,745,456</b>
<b>Net book value</b>			
As at 1.1.2020	1,032,276,575	23,187,888,961	<b>24,220,165,536</b>
As at 31.12.2020	1,616,472,964	25,255,770,869	<b>26,872,243,833</b>

Historical cost of fully depreciated tangible fixed assets but still in use as at 31 December 2020 was VND53,927,983,726 (as at 31 December 2019: VND38,231,696,706).

The Company had no tangible fixed assets awaiting disposal as at 31 December 2020.

#### Intangible fixed assets

	Computer software VND
<b>Historical cost</b>	
As at 1.1.2020	69,590,128,018
New purchases	2,605,039,601
Transfers from construction in progress (Note 3.7(c))	11,475,759,391
<b>As at 31.12.2020</b>	<b>83,670,927,010</b>
<b>Accumulated amortisation</b>	
As at 1.1.2020	51,920,863,726
Charge for the year	11,743,650,934
<b>As at 31.12.2020</b>	<b>63,664,514,660</b>
<b>Net book value</b>	
As at 1.1.2020	<b>17,669,264,292</b>
<b>As at 31.12.2020</b>	<b>20,006,412,350</b>

Historical cost of fully amortised intangible fixed assets but still in use as at 31 December 2020 was VND38,728,471,028 (as at 31 December 2019: VND29,835,153,028).

The Company had no intangible fixed asset awaiting disposal as at 31 December 2020.

## NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

### Construction in progress

Construction in progress comprises the following:

	As at	
	31.12.2020 VND	31.12.2019 VND
Purchases of trading software	342,334,073	13,597,128,282

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

	Year ended	
	31.12.2020 VND	31.12.2019 VND
Opening balance	13,597,128,282	4,447,220,550
Increase	12,004,445,925	16,918,536,897
Transfer to tangible fixed assets (Note 3.7(a))	(10,708,446,620)	(4,835,153,510)
Transfer to intangible fixed assets (Note 3.7(b))	(11,475,759,391)	(2,933,475,655)
Transfers to prepaid expenses	(3,075,034,123)	-
<b>Closing balance</b>	<b>342,334,073</b>	<b>13,597,128,282</b>

### Prepaid expenses

#### Short term prepaid expenses

	As at	
	31.12.2020 VND	31.12.2019 VND
IT costs	6,347,644,735	4,880,053,421
Office rental	1,635,095,768	2,154,581,284
Others	720,082,427	1,430,141,006
<b>Total</b>	<b>8,702,822,930</b>	<b>8,464,775,711</b>

#### Long term prepaid expenses

	As at	
	31.12.2020 VND	31.12.2019 VND
Office rentals	84,037,985,137	86,870,726,211
Office renovations	9,390,231,427	6,674,971,837
Consulting fee	474,504,000	5,090,746,989
IT costs	111,342,309	2,319,039,745
<b>Total</b>	<b>94,014,062,873</b>	<b>100,955,484,782</b>

### Deposits in the Settlement support fund

According to Decision No. 45/QĐ-VSD dated 22 May 2014 issued by the Vietnam Securities Depository, the Company is required to deposit an initial amount of VND120 million at the Vietnam Securities Depository and an additional annual contribution equivalent to 0.01% of the total value of brokered securities in the previous year up to the maximum limit of VND2.5 billion in any one year. The maximum amount of contribution is VND20 billion.

As at 31 December 2020 and as at 31 December 2019, the Company fully contributed the maximum amount.

### Deposits in the Derivatives trading clearing fund

According to the Policy on Management and Use of Derivatives trading clearing fund issued in conjunction with Decision No. 97/QĐ-VSD dated 23 March 2017 by the Vietnam Securities Depository, the minimum amount of initial contribution applicable to direct clearing members is VND10 billion.

### Borrowings and issued bonds

Details of movements in borrowings and issued bonds during the year are as follows:

	Interest % per annum	Opening balance VND	Disbursement VND	Repayment VND	Closing balance VND
<b>Short-term borrowings</b>					
Local bank borrowings	4.0 – 7.8	1,219,000,000,000	24,161,000,000,000	(19,983,200,000,000)	5,396,800,000,000
Foreign bank borrowings (*), (**)	LIBOR + 2	1,159,975,000,000	1,158,830,000,000	(1,159,975,000,000)	1,158,830,000,000
Bank overdrafts	5.6 – 7.5	14,752,235,255	12,290,643,840,008	(12,144,455,014,183)	160,941,061,080
<b>Total</b>		<b>2,393,727,235,255</b>	<b>37,610,473,840,008</b>	<b>(33,287,630,014,183)</b>	<b>6,716,571,061,080</b>

Short-term borrowings have maturities from 1 month to 364 days and are used to supplement working capital.

(\*) The loan interest rate is floating at the reference interest rate plus a margin of 2% per annum. The reference rate is the London Interbank Offered Rate ("LIBOR") for United States Dollar ("USD") of equivalent term quoted at 10:00 am (London local time) on interest calculation date. In case the LIBOR for USD of equivalent term is not available, the reference interest rate will be the LIBOR for USD converted to the same loan term at the same quoted time mentioned above ("the converted interest rate"). In case the converted interest rate is indeterminable, the reference rate will be the mobilising interest rate of each lender.

(\*\*) Borrowings from foreign banks are denominated in the United States Dollar. The Company hedged the foreign exchange rate risk on 50% of the outstanding balances by entering dual-currency interest rate swap contracts with local commercial banks. The swap term is the equivalent of the borrowing term.

The Company had no borrowings from related parties as at 31 December 2020 and as at 31 December 2019.

As at 31 December 2020 and 31 December 2019, there was no balance of short-term borrowings that was past due.

## NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

### Trading obligations

	As at	
	31.12.2020 VND	31.12.2019 VND
Payables from bond trading activities	422,227,641,347	-
Covered warrant payables (Note 5.2)	311,922,070,959	14,266,498,303
Advances from investors for securities purchases	174,815,723,707	455,507,692,520
Payables to stock exchanges and VSD	16,794,928,434	6,478,153,144
Payables to VSD from loss positions of derivative trading	8,555,000,000	-
Trading settlement balances with the stock exchanges	-	7,714,529,000
Others	980,730,466	3,837,874,466
<b>Total</b>	<b>935,296,094,913</b>	<b>487,804,747,433</b>

As at 31 December 2020 and as at 31 December 2019, there were no payables past due but not yet settled.

As at 31 December 2020 and as at 31 December 2019, there was no doubt on the Company's ability to repay these balances.

### Tax and other payables to the State

	As at 1.1.2020 VND	Incurred during the year VND	Incurred during the year VND	As at 31.12.2020 VND
BIT – current	23,826,556,430	130,933,357,560	(119,377,759,690)	35,382,154,300
Personal income tax ("PIT") withheld and paid on behalf of investors	7,674,988,622	132,903,672,154	(119,308,233,603)	21,270,427,173
BIT withheld and paid on behalf of foreign institutions	3,366,021,036	51,016,501,717	(49,552,219,665)	4,830,303,088
PIT withheld and paid on behalf of employees	2,254,066,042	41,919,640,986	(39,925,416,658)	4,248,290,370
Foreign contractor withholding tax	643,345,304	9,419,080,774	(8,828,721,866)	1,233,704,212
Value added tax	172,364,611	4,205,495,743	(4,329,109,574)	48,750,780
Business licence tax	-	10,000,000	(10,000,000)	-
<b>Total</b>	<b>37,937,342,045</b>	<b>370,407,748,934</b>	<b>(341,331,461,056)</b>	<b>67,013,629,923</b>

### Short-term accrued expenses

	As at	
	31.12.2020 VND	31.12.2019 VND
Allowance for working performance	50,000,000,000	35,000,000,000
Interest expenses	22,032,166,627	12,947,945,342
Others	11,744,363,077	8,750,384,920
<b>Total</b>	<b>83,776,529,704</b>	<b>56,698,330,262</b>

### Other short-term liabilities

	As at	
	31.12.2020 VND	31.12.2019 VND
Dividends payable to shareholders	155,942,531,017	155,070,718,509
Dividends of previous years (*)	3,421,608,517	2,316,782,009
1st dividends of the year 2019	-	152,753,936,500
1st dividends of the year 2020	152,520,922,500	-
Business development expenses payables	31,088,313,897	6,062,313,897
Additional shares issued	6,364,500,000	9,460,360,000
Dividends paid on behalf	3,413,307,130	2,864,711,582
Board of Directors' operating fund	1,870,087,893	3,274,017,325
Others	11,242,281,495	8,111,085,656
<b>Total</b>	<b>209,921,021,432</b>	<b>184,843,206,969</b>

(\*) Some shareholders have not yet completed their dividend claim forms, as a result the Company has not yet settled these dividends.

Other than (\*), there were no payables past due but not yet settled.

As at 31 December 2020 and as at 31 December 2019, there was no doubt on the Company's ability to repay these balances.

### Deferred income tax assets

	As at	
	31.12.2020 VND	31.12.2019 VND
Deferred tax assets recoverable within 12 months	-	280,383,984
Deferred tax assets recoverable after 12 months	1,360,000,000	-
<b>Total</b>	<b>1,360,000,000</b>	<b>280,383,984</b>

The movements in deferred income tax assets are as follows:

	Năm tài chính kết thúc ngày	
	31.12.2020 VND	31.12.2019 VND
Opening balance	280,383,984	1,558,791,879
Charged to profit or loss	1,079,616,016	(1,278,407,895)
<b>Closing balance</b>	<b>1,360,000,000</b>	<b>280,383,984</b>

## NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

Details of deferred income tax assets are as below:

	As at	
	31.12.2020 VND	31.12.2019 VND
Deductible temporary differences:		
Provisions for impairment of overdue margin loans	-	1,401,919,920
Provisions for severance allowances	6,800,000,000	-
	6,800,000,000	1,401,919,920
At tax rate of 20%:		
Deferred tax assets:	1,360,000,000	280,383,984

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.

### Owners' capital

#### Number of shares

	As at	
	31.12.2020	31.12.2019
Number of shares registered	305,882,263	305,882,263
Number of shares issued	305,882,263	305,882,263
Number of shares repurchased	(840,418)	(366,090)
<b>Number of shares in issue</b>	<b>305,041,845</b>	<b>305,516,173</b>

As at 31 December 2020 and as at 31 December 2019, all of the Company's shares are ordinary shares. Each ordinary share has a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividends as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets.

#### Movement of share capital

	Ordinary shares
As at 1 January 2019	129,554,168
New shares issued	176,125,505
Treasury shares repurchased	(163,500)
<b>As at 31 December 2019</b>	<b>305,516,173</b>
Treasury shares repurchased	(474,328)
<b>As at 31 December 2020</b>	<b>305,041,845</b>

### Undistributed earnings

	As at	
	31.12.2020 VND	31.12.2019 VND
Realised post-tax profits	647,641,022,448	614,251,440,752
Unrealised profits/(losses)	27,645,711,697	(28,771,621,437)
<b>Total</b>	<b>675,286,734,145</b>	<b>585,479,819,315</b>

Movements in undistributed earnings during the year are as follows:

	As at 31.12.2019 VND	Profit for the year VND	Dividend declared VND	Appropriation to reserves VND	Other (*) VND	As at 31.12.2020 VND
Realised post-tax profits	614,251,440,752	474,034,361,031	(366,050,214,000)	(74,673,415,335)	78,850,000	647,641,022,448
Unrealised (losses)/profits	(28,771,621,437)	56,417,333,134	-	-	-	27,645,711,697
<b>Undistributed earnings</b>	<b>585,479,819,315</b>	<b>530,451,694,165</b>	<b>(366,050,214,000)</b>	<b>(74,673,415,335)</b>	<b>78,850,000</b>	<b>675,286,734,145</b>

(\*) Reversed dividends of shares issued under ESOP program upon repurchases.

## NOTES TO OFF STATEMENT OF FINANCIAL POSITION ITEMS

#### Number of shares in issue

	As at	
	31.12.2020	31.12.2019
<b>Ordinary shares</b>		
Quantity issued within 1 year (share)	-	176,125,505
Quantity issued for 1 year or more (share)	305,041,845	129,390,668
<b>Total</b>	<b>305,041,845</b>	<b>305,516,173</b>

## NOTES TO OFF STATEMENT OF FINANCIAL POSITION ITEMS (CONTINUED)

### Covered warrants authorised but not yet issued

Ticker symbol	Underlying security	Issue date	Maturity date	Tại ngày 31.12.2020			
				Number of covered warrants authorised for issue	Number of covered warrants cancelled	Number of covered warrants issued	Number of covered warrants authorised but not yet issued
CFPT2008	FPT Corporation (FPT)	14.07.2020	14.01.2021	5,000,000	(2,000,000)	1,474,550	1,525,470
CHPG2016	Hoa Phat Group Joint Stock Company (HPG)	14.07.2020	14.01.2021	5,000,000	(4,000,000)	564,950	435,050
CMBB2007	Military Commercial Joint Stock Bank (MJB)	14.07.2020	14.01.2021	5,000,000	(2,000,000)	972,740	2,027,260
CMSN2006	Masan Group Joint Stock Company (MSN)	14.07.2020	14.01.2021	5,000,000	(4,000,000)	300,140	699,860
CMWG2010	Mobile World Investment Corporation (MWG)	14.07.2020	14.01.2021	5,000,000	-	818,300	4,181,700
CPNJ2006	Phu Nhuan Jewelry Joint Stock Company (PNJ)	14.07.2020	14.01.2021	5,000,000	(2,000,000)	253,220	2,746,780
CREE2005	Refrigeration Electrical Engineering Corporation (REE)	14.07.2020	14.01.2021	5,000,000	(3,500,000)	45,850	1,454,150
CTCB2007	Technological and Commercial Joint Stock Bank (TCB)	14.07.2020	14.01.2021	5,000,000	-	1,414,060	3,585,940
CVHM2005	Vinhomes Joint Stock Company (VHM)	14.07.2020	14.01.2021	5,000,000	-	2,262,840	2,737,160
CVNM2008	Vietnam Dairy Products Joint Stock Company (VNM)	14.07.2020	14.01.2021	5,000,000	(2,000,000)	2,772,170	227,830
CVPB2008	Vietnam Prosperity Joint-Stock Commercial Bank (VPB)	14.07.2020	14.01.2021	5,000,000	(3,500,000)	277,080	1,222,920
CVRE2008	Vincom Retail Joint Stock Company (VRE)	14.07.2020	14.01.2021	5,000,000	-	3,988,140	1,011,860
CFPT2011	FPT Corporation (FPT)	01.10.2020	01.04.2021	5,000,000	-	4,245,210	754,790
CHPG2021	Hoa Phat Group Joint Stock Company (HPG)	01.10.2020	01.04.2021	5,000,000	-	4,989,040	10,960
CMBB2009	Military Commercial Joint Stock Bank (MJB)	01.10.2020	01.04.2021	5,000,000	-	3,504,090	1,495,910
CMSN2011	Masan Group Joint Stock Company (MSN)	01.10.2020	01.04.2021	5,000,000	(4,000,000)	558,890	441,110
CPNJ2009	Phu Nhuan Jewelry Joint Stock Company (PNJ)	01.10.2020	01.04.2021	5,000,000	-	4,756,420	243,580

### Covered warrants authorised but not yet issued (continued)

Ticker symbol	Underlying security	Issue date	Maturity date	Tại ngày 31.12.2020			
				Number of covered warrants authorised for issue	Number of covered warrants cancelled	Number of covered warrants issued	Number of covered warrants authorised but not yet issued
CSTB2012	Saigon Thuong Tin Commercial Joint Stock Bank (STB)	01.10.2020	01.04.2021	5,000,000	-	2,663,850	2,336,150
CTCB2010	Technological and Commercial Joint Stock Bank (TCB)	01.10.2020	01.04.2021	5,000,000	-	4,732,010	267,990
CVHM2009	Vinhomes Joint Stock Company (VHM)	01.10.2020	01.04.2021	5,000,000	-	4,168,860	831,140
CVIC2006	Vingroup Joint Stock Company (VIC)	01.10.2020	01.04.2021	5,000,000	-	4,407,750	592,250
CVNM2013	Vietnam Dairy Products Joint Stock Company (VNM)	01.10.2020	01.04.2021	5,000,000	-	4,999,600	400
CVPB2012	Vietnam Prosperity Joint Stock Commercial Bank (VPB)	01.10.2020	01.04.2021	5,000,000	-	2,744,110	2,255,890
CVRE2012	Vincom Retail Joint Stock Company (VRE)	01.10.2020	01.04.2021	5,000,000	-	4,998,420	1,580
CFPT2012	FPT Corporation (FPT)	01.10.2020	04.05.2021	5,000,000	-	3,651,260	1,348,740
CHPG2022	Hoa Phat Group Joint Stock Company (HPG)	01.10.2020	04.05.2021	5,000,000	-	4,999,300	700
CVHM2010	Vinhomes Joint Stock Company (VHM)	01.10.2020	04.05.2021	5,000,000	-	3,636,680	1,363,320
CVPB2011	Vietnam Prosperity Joint-Stock Commercial Bank (VPB)	01.10.2020	04.05.2021	5,000,000	-	2,728,400	2,271,600
CMWG2015	Mobile World Investment Corporation (MWG)	10.11.2020	10.05.2021	5,000,000	-	4,447,290	552,710
CREE2006	Refrigeration Electrical Engineering Corporation (REE)	10.11.2020	10.05.2021	5,000,000	-	954,920	4,045,080
CMWG2016	Mobile World Investment Corporation (MWG)	10.11.2020	10.06.2021	5,000,000	-	4,568,890	431,110
				<b>155,000,000</b>	<b>(27,000,000)</b>	<b>86,899,010</b>	<b>41,100,990</b>

## NOTES TO OFF STATEMENT OF FINANCIAL POSITION ITEMS (CONTINUED)

Ticker symbol	Underlying security	Issuance date	Maturity date	As at 31.12.2019		
				Number of covered warrants authorised for issue	Number of covered warrants issued	Number of covered warrants authorised but not yet issued
CFPT1906	FPT Corporation (FPT)	08.10.2019	08.04.2020	5,000,000	2,580,050	2,419,950
CMBB1905	Military Commercial Joint Stock Bank (MJB)	08.10.2019	08.04.2020	5,000,000	4,781,620	218,380
CMWG1907	Mobile World Investment Corporation (MWG)	08.10.2019	08.04.2020	5,000,000	5,000,000	-
CVNM1904	Vietnam Dairy Products Joint Stock Company (VNM)	08.10.2019	08.04.2020	5,000,000	1,473,760	3,526,240
CVRE1902	Vincom Retail Joint Stock Company (VRE)	08.10.2019	08.04.2020	5,000,000	1,029,570	3,970,430
CVNM2001	Vietnam Dairy Products Joint Stock Company (VNM)	20.12.2019	22.06.2020	5,000,000	10,000	4,990,000
CREE2001	Refrigeration Electrical Engineering Corporation (REE)	20.12.2019	22.06.2020	5,000,000	20,000	4,980,000
CVPB2001	Vietnam Prosperity Joint-Stock Commercial Bank (VPB)	20.12.2019	22.06.2020	5,000,000	-	5,000,000
CTCB2001	Technological and Commercial Joint Stock Bank (TCB)	20.12.2019	22.06.2020	5,000,000	-	5,000,000
CMWG2001	Mobile World Investment Corporation (MWG)	20.12.2019	22.06.2020	5,000,000	-	5,000,000
CMBB2001	Military Commercial Joint Stock Bank (MJB)	20.12.2019	22.06.2020	5,000,000	-	5,000,000
CGMD2001	Gemadep Corporation (GMD)	20.12.2019	22.06.2020	5,000,000	-	5,000,000
CFPT2001	FPT Corporation (FPT)	20.12.2019	22.06.2020	5,000,000	-	5,000,000
CVRE2002	Vincom Retail Joint Stock Company (VRE)	20.12.2019	22.06.2020	5,000,000	-	5,000,000
CHPG2001	Hoa Phat Group Joint Stock Company (HPG)	30.12.2019	30.06.2020	5,000,000	-	5,000,000
				<b>75,000,000</b>	<b>14,895,000</b>	<b>60,105,000</b>

Contract symbol	First trading date	Last trading date	As at 31.12.2020			As at 31.12.2019		
			Open quantity	Closing settlement price	Open short position	Open quantity	Closing settlement price	Open short position
VN30F2101	20.11.2020	21.01.2021	8,496	1,083,900	920,881,440,000	-	-	-
VN30F2001	22.11.2019	16.01.2020	-	-	-	434	876,300	38,031,420,000
					<b>920,881,440,000</b>	<b>434</b>	<b>876,300</b>	<b>38,031,420,000</b>

**Futures**  
Futures positions which are still open as at reporting date are as follows:

## NOTES TO STATEMENT OF COMPREHENSIVE INCOME

### Net realised gains on disposal of FVTPL financial assets and redemption/expiry of covered warrants ("CW")

	For the year ended	
	31.12.2020 VND	31.12.2019 VND
Realised gains on disposal of FVTPL financial assets	719,339,277,788	374,478,101,972
In which:		
Underlying securities	320,839,984,672	105,000,564,332
Derivatives	360,635,618,000	257,769,953,000
Covered warrants redeemed	18,919,632,186	7,075,212,520
Covered warrants expired	18,944,042,930	4,632,372,120
Realised losses on disposal of FVTPL financial assets	(614,662,557,597)	(300,506,423,395)
In which:		
Underlying securities	(205,989,412,953)	(149,995,875,538)
Derivatives	(328,131,683,000)	(146,448,756,000)
Covered warrants redeemed	(79,327,729,458)	(4,061,791,857)
Covered warrants expired	(1,213,732,186)	-
<b>Net realised gains</b>	<b>104,676,720,191</b>	<b>73,971,678,577</b>

Details by category are as follows:

	Quantity disposed	Sales proceeds VND	Costs of disposal (*) VND	Realised (losses)/ gains during the year VND	Realised (losses)/ gains in prior year VND
Shares	381,875,168	13,316,040,221,143	(13,231,100,767,615)	84,939,453,528	(30,899,255,667)
Bonds	17,036,320	1,749,026,394,773	(1,732,950,759,846)	16,075,634,927	985,953,811
ETF certificates	336,905,070	4,559,005,643,829	(4,544,861,836,472)	14,143,807,357	(14,290,818,902)
Covered warrants	730,530	1,612,391,210	(1,920,715,303)	(308,324,093)	(791,190,448)
<b>Realised (losses)/ gain on disposal of underlying securities</b>	<b>736,547,088</b>	<b>19,625,684,650,955</b>	<b>(19,510,834,079,236)</b>	<b>114,850,571,719</b>	<b>(44,995,311,206)</b>
Net position gains from future contracts				32,503,935,000	111,321,197,000
Gain on redemption of covered warrants issued by the Company				(60,408,097,272)	3,013,420,663
Gain upon expiry of covered warrants issued by the Company				17,730,310,744	4,632,372,120
<b>Total</b>				<b>104,676,720,191</b>	<b>73,971,678,577</b>

(\*) Costs are determined using the weighted average method up to the end of trading dates.

## NOTES TO STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

### Gains/(losses) from revaluation of FVTPL financial assets and covered warrants

	For the year ended	
	31.12.2020 VND	31.12.2019 VND
Increase in revaluation gains of FVTPL financial assets	104,750,184,619	16,213,187,476
Decrease on revaluation losses of FVTPL financial assets	27,738,629,141	516,964,050
<b>Total</b>	<b>132,488,813,760</b>	<b>16,730,151,526</b>

Details of gains/(losses) from revaluation of FVTPL financial assets by category are as follows:

	Cost VND	Market value/fair value VND	Accumulated revaluation gains (losses) as at 31.12.2020 VND	Accumulated revaluation gains/ (losses) as at 31.12.2019 VND	Credited/ (debited)/ to profit or loss VND
Listed shares and shares traded on UPCoM	1,094,278,046,749	1,109,899,032,848	15,620,986,099	(39,721,500,379)	55,342,486,478
Unlisted and unregistered shares	9,849,000,000	334,084,000	(9,514,916,000)	(14,175,502,000)	4,660,586,000
Underlying assets designated as hedges for covered warrants	932,259,927,594	1,004,072,574,000	71,812,646,406	(808,671,334)	72,621,317,740
Listed bond	913,742,600,000	932,804,513,518	19,061,913,518	4,480,780,219	14,581,133,299
Unlisted bonds	-	-	-	15,040,739,441	(15,040,739,441)
ETF certificates	13,788,161,044	14,114,395,757	326,234,713	2,205,029	324,029,684
<b>Total</b>	<b>2,963,917,735,387</b>	<b>3,061,224,600,123</b>	<b>97,306,864,736</b>	<b>(35,181,949,024)</b>	<b>132,488,813,760</b>

	For the year ended	
	31.12.2020 VND	31.12.2019 VND
(Increase)/decrease in covered warrants liabilities due to revaluations	(5,212,237,426)	6,410,987,587
Increase in in covered warrants liabilities due to revaluations	(70,859,243,200)	(660,000)
<b>Total</b>	<b>(76,071,480,626)</b>	<b>6,410,327,587</b>

Details of gains/(losses) from revaluation of FVTPL financial assets by category are as follows:

	Cost VND	Market value/ fair value VND	Accumulated revaluation losses as at 31.12.2020 VND	Accumulated revaluation gains as at 31.12.2019 VND	Debited to profit or loss of the statement of comprehensive income VND
Covered warrants	242,260,917,920	311,922,070,959	(69,661,153,039)	6,410,327,587	(76,071,480,626)

### Dividends and interest income from financial assets

	For the year ended	
	31.12.2020 VND	31.12.2019 VND
Dividends	4,833,857,588	10,302,309,634
Interest	203,460,541,422	98,586,036,482
<b>Total</b>	<b>208,294,399,010</b>	<b>108,888,346,116</b>

### Provisions for doubtful debts, impairments of financial assets and diminution in value of mortgages and borrowing costs

	For the year ended	
	31.12.2020 VND	31.12.2019 VND
Reversal of provision for impairment loss of financial assets and mortgages	-	(23,573,148,070)
Interest expense	207,049,930,074	137,256,059,537
<b>Total</b>	<b>207,049,930,074</b>	<b>113,682,911,467</b>

## NOTES TO STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

### Operating expenses not related to financial assets

Operating expenses include direct expenses and allocated expenses, details are as follows:

	For the year ended	
	31.12.2020 VND	31.12.2019 VND
<b>Proprietary trading activities</b>	<b>56,313,185,768</b>	<b>33,922,566,120</b>
Staff costs	5,366,337,260	5,055,709,055
Office rental expenses	16,121,782,626	11,446,025,817
Depreciation and amortisation	1,530,061,966	1,494,668,566
Outsourcing expenses	7,100,203,422	2,671,284,803
Allocation expenses (*)	26,194,800,494	13,254,877,879
<b>Brokerage fee expenses</b>	<b>420,110,183,582</b>	<b>363,693,987,844</b>
Staff costs	159,644,766,034	143,319,316,864
Brokerage fee	133,567,817,357	100,791,078,077
Outsourcing expenses	51,297,651,575	56,124,913,849
Office rental expenses	28,212,408,977	34,237,663,501
Depreciation and amortisation	12,083,692,467	9,758,357,479
Allocation expenses (*)	35,303,847,172	19,462,658,074
<b>Custody service expenses</b>	<b>7,961,207,512</b>	<b>8,178,428,770</b>
Custody service	7,961,207,512	8,178,428,770
<b>Financial consultancy service expenses</b>	<b>20,203,733,179</b>	<b>21,241,240,366</b>
Staff costs	12,558,611,678	12,971,146,173
Outsourcing expenses	7,002,439,886	7,742,121,188
Others	642,681,615	527,973,005
<b>Other operating expenses</b>	<b>3,594,143,138</b>	<b>3,431,286,574</b>
Depreciation and amortisation	2,753,395,799	3,075,455,193
Others	840,747,339	355,831,381
	<b>508,182,453,179</b>	<b>430,467,509,674</b>

(\*) Allocation expenses mainly include staff costs and outsourcing services expenses of related support departments, and allocated according to associated revenues

### General and administration expenses

	For the year ended	
	31.12.2020 VND	31.12.2019 VND
Staff costs	140,843,142,916	110,653,787,607
Outsourcing expenses	35,680,891,089	32,497,259,578
Depreciation and amortisation	12,483,791,976	12,501,438,521
Office rental expenses	15,663,078,668	10,709,912,296
Other administrative expenses	11,615,693,828	20,437,069,126
<b>Total</b>	<b>216,286,598,477</b>	<b>186,799,467,128</b>

### BIT

The BIT on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rate of 20% as follows:

	For the year ended	
	31.12.2020 VND	31.12.2019 VND
Accounting profit before tax	660,305,435,709	531,405,779,182
Tax calculated at a rate of 20%:	132,061,087,142	106,281,155,836
Adjustment:		
Non-taxable income	(966,771,518)	(7,689,671,031)
Non-deductible expenses	239,053,018	249,376,000
Reversal of provision for OTC stocks in previous years	(1,479,627,098)	-
<b>BIT charge (*)</b>	<b>129,853,741,544</b>	<b>98,840,860,805</b>
Charged/(credited) to profit or loss		
BIT – current	130,933,357,560	97,562,452,910
BIT – deferred (Note 3.16)	(1,079,616,016)	1,278,407,895
<b>Total</b>	<b>129,853,741,544</b>	<b>98,840,860,805</b>

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

The tax authorities have finalised the Company's corporate income tax up to 31 December 2016.

## NOTES TO STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

### Earnings per share

#### Basic earnings per share

According to prevailing regulations, basic earnings per share are calculated by dividing the net profit attributable to shareholders after deducting the appropriations to bonus and welfare funds by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Company and held as treasury shares.

Other comprehensive income is not included in earnings to calculate earnings per shares as such treatment is not guided by authority.

	For the year ended	
	31.12.2020	31.12.2019 (**)
Net profit after tax attributable to ordinary shareholders (VND)	530,451,694,165	432,564,918,377
Adjustment due to appropriation to bonus and welfare fund (VND) (*)	-	(15,139,772,143)
	<b>530,451,694,165</b>	<b>417,425,146,234</b>
Weighted average number of ordinary shares in issue (shares)	305.197.408	235.813.044
<b>Basic earnings per share (VND/share)</b>	<b>1,738</b>	<b>1,770</b>

(\*) As at the date of approval of these financial statements, the resolution of Annual General Meeting of shareholders regarding the appropriations to bonus and welfare funds from post-tax profits of the current year was not yet available. Therefore, the net profit amount used for calculation of basic earnings per shares of the current year is not deducted by the amount to be appropriated to bonus and welfare funds.

(\*\*) The basic earnings per share for the fiscal year ended 31 December 2019 is recalculated after adjusting the net appropriation of bonus and welfare fund from retained earnings in accordance with the Resolution of the General Meeting of Shareholders date 23 June 2020 as follows:

Items	For the year ended 31.12.2019		
	Restated figure after adjusting the number of shares	Adjustment due to appropriation to bonus and welfare fund	Restated if deducting amount appropriated to bonus and welfare funds
Net profit after tax attributable to ordinary shareholders (VND)	432,564,918,377	(15,139,772,143)	417,425,146,234
Weighted average number of ordinary shares in issue (shares)	235,813,044	-	235,813,044
<b>Basic earnings per share (VND/share)</b>	<b>1,834</b>		<b>1,770</b>

#### Diluted earnings per share

The Company did not have potentially diluted ordinary shares during the year.

## NOTES TO THE STATEMENT OF CASH FLOWS

### Major non-cash transactions affecting the statement of cash flows

	For the year ended	
	31.12.2020	31.12.2019
Dividend declared but not yet paid (Note 7.1) (*)	152,520,922,500	152,753,936,500
Capital increase from equity	-	897,769,640,000
In which:		
From share premium	-	330,426,798,499
From undistributed earnings	-	533,338,591,501
From bonus and welfare funds	-	34,004,250,000

(\*) According to the Resolution of the Annual General Meeting of shareholders on 8 December 2020, the Board of Directors decided to make first dividend payments for the year 2020 to the shareholders named in the final list on 30 December 2020. The payment date was 20 January 2021.

## NOTES TO THE STATEMENT OF CHANGES IN EQUITY

### Details of changes in equity

Details of changes in equity during the year are as follows:

	Share capital VND	Share premium VND	Treasury shares VND	Supplementary capital reserve VND	Financial risk and operation reserve VND	Other equity funds VND	Undistributed earnings VND	Total VND
<b>As at 1.1.2020</b>	<b>3,058,822,630,000</b>	<b>358,946,064,000</b>	<b>(5,836,857,008)</b>	<b>151,385,003,919</b>	<b>151,385,003,919</b>	<b>3,961,374,994</b>	<b>585,479,819,315</b>	<b>4,304,143,039,139</b>
Post-tax profit for the year	-	-	-	-	-	-	530,451,694,165	530,451,694,165
Final dividend of the year 2019 (i)	-	-	-	-	-	-	(213,529,291,500)	(213,529,291,500)
First dividend of year 2020 (ii)	-	-	-	-	-	-	(152,520,922,500)	(152,520,922,500)
Appropriation to bonus and welfare funds (i)	-	-	-	-	-	-	(152,520,922,500)	(152,520,922,500)
Appropriation to operation fund of Board of Directors (i)	-	-	-	-	-	-	(6,488,473,776)	(6,488,473,776)
Appropriation to statutory reserves (Note 2.23)	-	-	-	26,522,584,708	26,522,584,708	-	(53,045,169,416)	-
Reversed dividends of shares issued under ESOP program upon repurchases	-	-	-	-	-	-	78,850,000	78,850,000
Share repurchases	-	-	(6,640,592,000)	-	-	-	-	(6,640,592,000)
<b>As at 31.12.2020</b>	<b>3,058,822,630,000</b>	<b>358,946,064,000</b>	<b>(12,477,449,008)</b>	<b>177,907,588,627</b>	<b>177,907,588,627</b>	<b>3,961,374,994</b>	<b>675,286,734,145</b>	<b>4,440,354,531,385</b>
<b>As at 1.1.2019</b>	<b>1,297,567,580,000</b>	<b>330,343,798,499</b>	<b>(2,893,857,008)</b>	<b>129,756,758,000</b>	<b>129,756,758,000</b>	<b>3,961,374,994</b>	<b>1,172,043,750,012</b>	<b>3,060,536,162,497</b>
Post-tax profit for the year	-	-	-	-	-	-	432,564,918,377	432,564,918,377
Final dividend of the year 2018 (iii)	-	-	-	-	-	-	(245,873,619,200)	(245,873,619,200)
First dividend of the year 2019 (iv)	-	-	-	-	-	-	(152,753,936,500)	(152,753,936,500)
Appropriation to bonus and welfare funds (iii)	-	-	-	-	-	-	(33,774,007,719)	(33,774,007,719)
Appropriation to operation fund of Board of Directors (iii)	-	-	-	-	-	-	(10,132,202,316)	(10,132,202,316)
Appropriation to statutory reserves (Note 2.23)	-	-	-	21,628,245,919	21,628,245,919	-	(43,256,491,838)	-
Capital increase from equity (v)	863,682,390,000	(330,343,798,499)	-	-	-	-	(533,338,591,501)	-
Issue under ESOP 2018 program (vi)	64,770,000,000	25,908,000,000	-	-	-	-	-	90,678,000,000
New shares issue (vii)	832,802,660,000	333,121,064,000	-	-	-	-	-	1,165,923,724,000
Issuance fee	-	(83,000,000)	-	-	-	-	-	(83,000,000)
Share repurchases	-	-	(2,943,000,000)	-	-	-	-	(2,943,000,000)
<b>As at 31.12.2019</b>	<b>3,058,822,630,000</b>	<b>358,946,064,000</b>	<b>(5,836,857,008)</b>	<b>151,385,003,919</b>	<b>151,385,003,919</b>	<b>3,961,374,994</b>	<b>585,479,819,315</b>	<b>4,304,143,039,139</b>

## NOTES TO THE STATEMENT OF CHANGES IN EQUITY (CONTINUED)

- (i) According to the Resolution of the Annual General Meeting of shareholders on 23 June 2020:
- Final dividend of the year 2019 was 7% of par value, equivalent to VND700/share.
  - 3.5% of post-tax profit for the year 2019 was appropriated to bonus and welfare funds;
  - 1.5% of post-tax profit for the year 2019 was appropriated to operation fund of Board of Directors;
  - Planned dividend of the year 2020 was 12% of par value, equivalent to VND1,200/share.
- (ii) According to the Resolution of the Annual General Meeting of shareholders on 8 December 2020, the first dividend of the year 2020 was 5% of charter capital of VND3,058,822,630,000, equivalent to VND500/share. The first dividend of 2020 is paid in cash based on the list of shareholders finalised on 20 December 2020, and the expected payment date is 20 January 2021 (Note 6.1).
- (iii) According to the Resolution of the Annual General Meeting of shareholders on 25 April 2019:
- Final dividend of the year 2018 was 19% of chartered capital of VND1,297,567,580,000, equivalent to VND1,900/share.
  - 5% of post-tax profit for the year 2018 was appropriated to bonus and welfare funds;
  - 1.5% of post-tax profit for the year 2018 was appropriated to operation fund of Board of Directors;
  - Planned dividend of the year 2019 was 15% of par value, equivalent to VND1,500/share.
- (iv) According to the Resolution of the Board of Directors on 11 November 2019, the first dividend of the year 2019 was 5% of charter capital of VND3,058,822,630,000, equivalent to VND500/share. The first dividend of 2019 is paid in cash based on the list of shareholders finalised on 20 December 2019, and the expected payment date is 10 January 2020 (Note 6.1).
- (v) According to the Shareholders' Resolution No. 02/2018/NQ-ĐHCD dated 22 October 2018, shareholders voted and approved the capital increase from equity at a ratio of 3 : 2 (a shareholder owning 3 shares as at closing date is entitled to 2 new shares). Number of shares entitled would be rounded down to the unit so that the decimal fraction would be cancelled. Pursuantly, the Company had issued 86,368,239 additional shares based on the shareholders list as of 21 February 2019.
- (vi) Following the Shareholders' Resolution No. 02/2018/NQ-ĐHCD dated 22 October 2018 approving employee stock option plan issuance, the Board of Directors issued its resolution No. 23/2018/NQ-HĐQT dated 22 October 2018 to define criteria of eligible employees, principles to determine number of shares allotted to each eligible employee, implementation time, and policies of the program (ESOP 2018). Accordingly the Company had issued 6,477,000 ordinary shares on 6 May 2019 at VND14,000/share. Total issuance value was VND90,678,000,000, in which appropriation from bonus and welfare fund was VND34,000,250,000 and employees' contributions was VND56,673,750,000. The Company had recognised the difference between the issue price of VND14,000 and the par value of VND10,000 to share premium. These shares are restricted from transfer in accordance with the ESOP 2018 Policy approved by the Board of Directors.

- (vii) According to the Shareholders' Resolution No. 02/2018/NQ-ĐHCD dated 22 October 2018, shareholders voted and approved the share issuance to existing shareholders at VND14,000/share with a right ratio of 3 : 2 (a shareholder owning 3 shares is entitled to a right of take up 2 new shares). Number of rights entitled would be rounded down to the unit so that the decimal fraction would be cancelled. The right to take up new shares is transferable only once. The Board of Directors was authorised to distribute remaining shares that were not taken up to other investors at prices not lower than

one offered to existing shareholders. Accordingly, the Company had issued 83,230,266 additional shares. The Company had recognised the difference between the issued price of VND14,000 and par value of VND10,000 to share premium. Except for 25,000,000 shares distributed to Ho Chi Minh City Finance and Investment State-owned Company (HFIC) which are restricted from transferring within 1 year (from 22 May 2019 to 21 May 2020), additional issued shares are not restricted from transferring.

### Distributed earnings

	For the year ended	
	31.12.2020	31.12.2019
Undistributed earnings brought forward	614,251,440,752	1,223,955,850,562
Accumulated unrealised gain/(losses)	-	(28,771,621,437)
Realised profit incurred in the year	474,034,361,031	409,424,439,264
Appropriations from undistributed earnings:	(74,673,415,335)	(620,501,293,374)
<i>To share capital</i>	-	(533,338,591,501)
<i>To bonus and welfare funds</i>	(15,139,772,143)	(33,774,007,719)
<i>To operation fund of Board of Directors</i>	(6,488,473,776)	(10,132,202,316)
<i>To supplementary capital reserve</i>	(26,522,584,708)	(21,628,245,919)
<i>To financial and operational risk reserve fund</i>	(26,522,584,708)	(21,628,245,919)
<b>Distributable profits to shareholders</b>	<b>1,013,612,386,448</b>	<b>984,107,375,015</b>
Dividend declared	366,050,214,000	398,627,555,700
Income tax withheld	(2,102,963,350)	(2,756,753,675)
<b>Net amount distributed to shareholders</b>	<b>363,947,250,650</b>	<b>395,870,802,025</b>

## RELATED PARTIES DISCLOSURES

Identified related parties and relationships are presented below:

Related party	Relationship
Dragon Capital Markets Limited (DC)	Strategic shareholder, holding 29.96% of charter capital.
	The Company's Vice Chairman of the Board of Directors is a Director and member of Board of Directors of DC Group.
	The Company's member of the Board of Directors is a Director of DC Group.
	The Company's member of the Board of Directors is representative for DC's shares.
Ho Chi Minh City Finance and Investment State-owned Company (HFIC)	Strategic shareholder, holding 23.86% of charter capital. Two members of the Board of Directors are Deputy General Director and Chief Accountant at HFIC.
Board of Directors and Board of	Key management

### Related parties transactions

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

	For the year ended	
	31.12.2020 VND	31.12.2019 VND
<b>Dragon Capital Markets Limited (DC)</b>		
Brokerage service - sales	-	153,552,000,000
Dividend paid	109,980,667,200	120,455,017,000
<b>Ho Chi Minh City Finance and Investment State-owned Company (HFIC)</b>		
Dividend paid	105,000,000,000	115,000,000,000
<b>Compensation of key management</b>		
Gross salaries and other benefits (*)	46,576,741,357	32,097,803,791

(\*) Details of compensation of certain key management are as follows:

		For the year ended	
		31.12.2020 VND	31.12.2019 VND
<b>Remuneration to the Board of Directors</b>			
Mr. Do Hung Viet	Chairperson	1,043,916,000	1,040,880,000
Mr. Le Anh Minh	Vice Chairperson	866,666,667	866,666,667
Mr. Pham Nghiem Xuan Bac	Member	266,666,667	266,666,667
Mr. Le Thang Can	Member	400,000,000	400,000,000
Mr. Johan Nyvene	Member	360,000,000	360,000,000
Mr. Le Hoang Anh	Member	400,000,000	400,000,000
Mr. Lam Hoai Anh	Member	266,666,667	266,666,667
		3,603,916,001	3,600,880,001
<b>Remuneration to the Board of Supervision</b>			
Mr. Vo Van Chau	Chief Supervisor	466,666,667	466,666,667
Mr. Doan Van Hinh	Member	80,000,000	80,000,000
Ms. Dang Nguyet Minh	Member	400,000,000	400,000,000
		946,666,667	946,666,667
<b>Gross salaries of the Chief Executive Officer</b>			
Mr. Trinh Hoai Giang (from 16 March 2020)	Chief Executive Officer	5,132,500,000	-
Mr. Johan Nyvene (until 15 March 2020)	Chief Executive Officer	421,200,000	2,434,892,308
		5,553,700,000	2,434,892,308

### Year-end balances with related parties

	As at	
	31.12.2020 VND	31.12.2019 VND
<b>Dragon Capital Markets Limited (DC)</b>		
Dividend payable	45,825,278,000	45,825,278,000
<b>Ho Chi Minh City Finance and Investment State-owned Company (HFIC)</b>		
Dividend payable	36,487,590,000	43,750,000,000
Deposits for securities trading	25,133,244	25,083,088

## SEGMENT REPORTING

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

### Geographical segments

The principal activities of the Company are carried out within Vietnam territory. Risks and returns of the Company are not materially affected by distinctions between geographical areas. On these grounds, the Board of Management determines that the Company has only one geographical segment.

### Business segments

Brokerage and services segment generates revenues and incurs expenses related to securities brokerages, underwriting, agency, custody and other securities services.

Proprietary trading segment generates revenues and incurs expenses related to FVTPL financial assets and derivatives, and impairment losses of AFS financial assets.

Lending segment generates revenues and incurs expenses related to margin loans, trading advances and HTM financial assets

Consultancy segment generates revenues and incurs expenses related to financial consultancy service and investment consultancy service.

### Business activity segments

Income and expenses based on the Company's business activity segments are as follows:

	For the year ended 31 December 2020				
	Brokerage and services VND	Proprietary trading VND	Lending VND	Consultancy VND	Total VND
Revenue and income (*)	633,049,988,049	1,027,171,623,991	549,942,893,189	37,741,467,445	<b>2,247,905,972,674</b>
Expenses	(431,665,534,232)	(714,096,357,424)	(207,049,930,074)	(20,203,733,179)	<b>(1,373,015,554,909)</b>
<i>In which:</i>					
<i>Direct cash expenses</i>	<i>(379,919,796,410)</i>	<i>(645,871,201,480)</i>	<i>(207,049,930,074)</i>	<i>(20,121,379,845)</i>	<b><i>(1,252,962,307,809)</i></b>
<i>Total amount of significant non-cash expenses, other than depreciation, amortisation and allocation of prepaid expenses</i>	-	<i>(43,120,614,059)</i>	-	-	<b><i>(43,120,614,059)</i></b>
<i>Total depreciation and amortisation of fixed assets</i>	<i>(12,083,692,467)</i>	<i>(1,530,061,966)</i>	-	<i>(82,353,334)</i>	<b><i>(13,696,107,767)</i></b>
<i>Allocation of long-term and short-term prepaid expenses</i>	<i>(39,662,045,355)</i>	<i>(23,574,479,919)</i>	-	-	<b><i>(63,236,525,274)</i></b>
Segment result	201,384,453,817	313,075,266,567	342,892,963,115	17,537,734,266	<b>874,890,417,765</b>
Net financial income					<b>1,610,698,997</b>
Net other income					<b>90,917,424</b>
General and administration expenses					<b>(216,286,598,477)</b>
Operating result before tax					<b>660,305,435,709</b>

(\*) All of revenues are from services rendered to external customers, and all of income is generated from transactions with external partners.

Income and expenses based on the Company's business activity segments are as follows:

	For the year ended 31 December 2019				
	Brokerage and services VND	Proprietary trading VND	Lending VND	Consultancy VND	Total VND
Revenue and income (*)	492,270,104,711	505,990,623,151	508,242,445,291	53,627,870,462	<b>1,560,131,043,615</b>
Expenses	(375,303,703,188)	(333,912,685,465)	(113,682,911,467)	(21,241,240,366)	<b>(844,140,540,486)</b>
<i>In which:</i>					
<i>Direct cash expenses</i>	<i>(326,726,067,531)</i>	<i>(322,126,477,606)</i>	<i>(113,682,911,467)</i>	<i>(21,163,317,587)</i>	<b><i>(783,698,774,191)</i></b>
<i>Total amount of significant non-cash expenses, other than depreciation, amortisation and allocation of prepaid expenses</i>	-	<i>516,304,050</i>	-	-	<b><i>516,304,050</i></b>
<i>Total depreciation and amortisation of fixed assets</i>	<i>(9,758,357,479)</i>	<i>(1,494,668,566)</i>	-	<i>(77,922,779)</i>	<b><i>(11,330,948,824)</i></b>
<i>Allocation of long-term and short-term prepaid expenses</i>	<i>(38,819,278,178)</i>	<i>(10,807,843,343)</i>	-	-	<b><i>(49,627,121,521)</i></b>
Segment result	116,966,401,523	172,077,937,686	394,559,533,824	32,386,630,096	<b>715,990,503,129</b>
Net financial income					<b>2,119,729,545</b>
Net other income					<b>95,013,636</b>
General and administration expenses					<b>(186,799,467,128)</b>
Operating result before tax					<b>531,405,779,182</b>

(\*) All of revenues are from services rendered to external customers, and all of income is generated from transactions with external partners.

## SEGMENT REPORTING (CONTINUED)

Assets and liabilities based on the Company's business activity segments are as follows:

	As at 31 December 2020					Total VND
	Brokerage and services VND	Proprietary trading VND	Lending VND	Consultancy VND	Unallocated VND	
Segment assets	330,925,036,669	3,241,659,928,389	8,860,312,830,607	2,945,599,248	-	12,435,843,394,913
Unallocated assets	-	-	-	-	52,984,158,174	52,984,158,174
Total assets	330,925,036,669	3,241,659,928,389	8,860,312,830,607	2,945,599,248	52,984,158,174	12,488,827,553,087
Segment liabilities	(941,731,165,549)	-	(6,738,603,227,707)	-	-	(7,680,334,393,256)
Unallocated liabilities	-	-	-	-	(368,138,628,446)	(368,138,628,446)
Total liabilities	(941,731,165,549)	-	(6,738,603,227,707)	-	(368,138,628,446)	(8,048,473,021,702)
Total expense incurred for purchases of fixed assets in 2020	20,742,310,345	-	1,384,059,391	-	11,198,521,176	33,324,890,912
Segment assets	20,742,310,345	-	1,384,059,391	-	-	22,126,369,736
Unallocated assets	-	-	-	-	11,198,521,176	11,198,521,176

Assets and liabilities based on the Company's business activity segments are as follows:

	As at 31 December 2019					Total VND
	Brokerage and services VND	Proprietary trading VND	Lending VND	Consultancy VND	Unallocated VND	
Segment assets	458,599,485,137	1,316,457,115,775	5,647,303,334,297	2,426,071,426	-	7,424,786,006,635
Unallocated assets	-	-	-	-	63,892,622,713	63,892,622,713
Total assets	458,599,485,137	1,316,457,115,775	5,647,303,334,297	2,426,071,426	63,892,622,713	7,488,678,629,348
Segment liabilities	(491,960,004,500)	-	(2,406,675,180,597)	-	-	(2,898,635,185,097)
Unallocated liabilities	-	-	-	-	(285,900,405,112)	(285,900,405,112)
Total liabilities	(491,960,004,500)	-	(2,406,675,180,597)	-	(285,900,405,112)	(3,184,535,590,209)
Total expense incurred for purchases of fixed assets in 2019	8,700,714,965	-	-	62,480,000	10,421,596,540	19,184,791,505
Segment assets	8,700,714,965	-	-	62,480,000	-	8,763,194,965
Unallocated assets	-	-	-	-	10,421,596,540	10,421,596,540

## FINANCIAL RISK MANAGEMENT

The Company's activities expose it to financial risks including market risk, credit risk and liquidity risk. The Company's overall risk management strategy seeks to minimise the adverse effect of these risks on the Company's performance.

The Board of Management of the Company is responsible for setting the objectives and underlying principles of financial risk management for the Company. The Board of Management establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

Financial risk management is carried out by finance personnel. The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the Board of Management.

The information presented below is based on information received from the Board of Management.

### Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company. It arises principally from cash at banks, financial assets, receivables and other assets.

The maximum exposure to credit risk equals to the total of carrying amounts of balances exposed to credit risk before provision, collateral held or other credit enhancements, in particular:

	As at	
	31.12.2020 VND	31.12.2019 VND
Cash at bank (Note 3.1)	61,440,624,254	837,260,689,806
Security deposits for covered warrants issued (Note 3.1)	145,100,000,000	69,000,000,000
Listed bonds (Note 3.2)	932,804,513,518	505,470,280,219
Unlisted bonds (Note 3.2)	-	401,164,979,441
Loans (Note 3.3)	8,623,841,531,603	4,734,496,649,940
Receivables (Note 3.5)	258,082,311,117	361,631,670,811
Deposit for derivatives trading activities (Note 3.6)	179,688,615,950	7,563,570,950
Security deposits	9,370,825,870	9,989,333,827
<b>Total credit risk exposure</b>	<b>10,210,328,422,312</b>	<b>6,926,577,174,994</b>

## FINANCIAL RISK MANAGEMENT (CONTINUED)

### (i) Balances with banks.

Balances with banks include demand deposits, term deposits and accrued interest.

All bank balances are placed with local credit institutions which have high creditworthiness or qualifying as clearing members. Balances with banks are continuously monitored by treasury functions in compliance with the Company's policies and periodically reported to the Board of Management. Credit risk from balances with banks is assessed as low.

As at 31 December 2020 and as at 31 December 2019, there were no balance with banks that were past due nor impaired.

### (ii) FVTPL financial assets

Debt securities in the Company's portfolio are unsecured bonds issued by low-risk issuers with bond issuance plans approved by the State Securities Commission. Investment appraisals related to debt securities are approved according to the Company's investment policies. Debt securities portfolio is continuously monitored by treasury functions in compliance with the Company's policies and periodically reported to the Board of Management. Credit risk from debt securities is assessed as low.

As at 31 December 2020 and as at 31 December 2019, there was no debt security that exceeds 15% of the Company's equity.

As at 31 December 2020 and as at 31 December 2019, there were no debt securities that were past due nor impaired.

### (iii) Trading advances and deposit for derivatives trading activities

Trading advances are collected from VSD. Deposit for derivatives trading activities is also placed with this entity.

VSD is a state-owned entity and has no history of payment defaults.

VSD requires its members to deposit into the Settlement support fund and the Derivatives trading clearing fund to secure their trading obligations.

The securities companies may fulfil customers' securities trading orders only when the customers' balances maintain enough (100%) cash or securities and must carry out further steps to ensure payments prior to execution of the trades.

Credit risk from trading advances and deposit for derivatives trading activities is assessed as low.

As at 31 December 2020 and as at 31 December 2019, there were no balance with VSD that was past due nor impaired.

### (iv) Margin loans

Margin loans are secured by eligible securities listed on the stock exchanges. Under the prevailing regulations on margin lending, the loan limit is set at 50% of the eligible securities' value. Ineligible securities are defined by the stock exchanges on an ad-hoc basis. Eligible securities are approved and frequently updated by margin lending risk management function based on several criteria including volatility and liquidity.

Customer Services department is responsible for the continuous review of margin loan reports which includes balances, collateral assets and margin maintenance ratio. When the margin maintenance ratio falls below 40% (regulated level: 30%), the system alerts and the Company makes margin calls. When the margin maintenance ratio falls below 30%, the Company forcibly sells out collateral assets to collect the loans.

The market value of collateral assets as at 31 December 2020 was VND33,527,912,173,430 (as at 31 December 2019: VND11,945,957,954,288).

According to prevailing securities regulations, the margin loan limit applicable to a balance (for either an individual customer or an institution customer) is 3% of the securities company's equity. As at 31 December 2020 and as at 31 December 2019, there was no margin loan balance that exceeds 3% of the Company's equity.

Analysis of credit quality of margin loans as at reporting date is as follows:

	As at	
	31.12.2020 VND	31.12.2019 VND
Past due and impaired	37,783,317,946	37,783,317,946
Neither past due nor impaired	8,586,058,213,657	4,696,713,331,994
Provision made	(37,783,317,946)	(37,783,317,946)
<b>Net balance</b>	<b>8,586,058,213,657</b>	<b>4,696,713,331,994</b>

### (v) Receivables

Credit exposure is restricted by transacting with counterparties with high credit ratings and obtaining security where necessary.

As at 31 December 2020 and as at 31 December 2019,

there was no receivable that exceeded 15% of the Company's equity.

Analysis of credit quality of receivables as at reporting date is as follows:

	Past due and impaired VND	Past due but not impaired VND	Neither past due nor impaired VND	Total VND
<b>As at 31.12.2020</b>				
Current	-	-	256,281,836,915	<b>256,281,836,915</b>
Overdue for more than 3 years	1,800,474,202	-	-	<b>1,800,474,202</b>
Provision made	(1,800,474,202)	-	-	<b>(1,800,474,202)</b>
<b>Net balance</b>	<b>-</b>	<b>-</b>	<b>256,281,836,915</b>	<b>256,281,836,915</b>
<b>As at 31.12.2019</b>				
Current	-	-	359,831,196,609	<b>359,831,196,609</b>
Overdue for more than 3 years	1,800,474,202	-	-	<b>1,800,474,202</b>
Provision made	(1,800,474,202)	-	-	<b>(1,800,474,202)</b>
<b>Net balance</b>	<b>-</b>	<b>-</b>	<b>359,831,196,609</b>	<b>359,831,196,609</b>

## FINANCIAL RISK MANAGEMENT (CONTINUED)

### Market risk

Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate according to changes in market prices. The Company's market risks include interest rate risk and other price risk, such as share price risk.

The Company manages this risk through sensitivity analysis of variables that would impact its financial position and performance, diversification of its investment portfolio, critical appraisal of securities within limited exposures, and hedging where necessary.

- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk mainly from its term deposits, loans and borrowings.

The Company manages this risk through analysis of market competition in order to obtain the most favourable interest rate for its intended operations while still staying within limited exposures.

The Company's term deposits, loans and borrowings are at fixed rates and due in short term, so interest rate risk is minimal.

Details of interest rates of corporate bonds and borrowings are presented in Note 3.2 and Note 3.11.

- Market price risk

Shares held by the Company, open position in futures and covered warrants are affected by market risk due to the uncertainty in the future value of these items.

The Company manages its share price risk by setting up investment limits and hedging where necessary. The Investment Committee of the Company also takes part in appraisal and approval of investment in shares and issuance of covered warrants.

At 31 December 2020, had the prices of securities increased/decreased by 10% with all other variables being held constant (including tax rate), the Company's profit before tax for the year would have been higher/lower by VND182,842,108,916 (at 31 December 2019: higher/lower by VND125,385,646,601).

- Currency risk

Currency risk is the risk that the value of the Company's financial instruments will be affected by changes in exchange rates. The Company manages its currency risk by continuously monitoring of foreign exchange rates and thereby timely updating its forecast of cash flows in foreign currencies, and entering dual currencies swaps (Note 3.11).

The Company's operations are exposed to risk of certain currencies, mainly the United States Dollar ("USD").

The Company's currency exposure to the USD is as follows:

	Original currency USD		Equivalent to VND	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
<b>Financial assets</b>				
Cash	1,880.68	1,899.62	42,770,475	43,249,211
<b>Financial liabilities</b>				
Borrowings (unhedged amount)	(25,000,000.00)	(25,000,000.00)	(579,425,000,000)	(579,987,500,000)
<b>Net financial liabilities</b>	<b>(24,998,119.32)</b>	<b>(24,998,100.38)</b>	<b>(579,382,229,525)</b>	<b>(579,944,250,789)</b>
<b>Net currency exposure</b>	<b>(24,998,119.32)</b>	<b>(24,998,100.38)</b>	<b>(579,382,229,525)</b>	<b>(579,944,250,789)</b>

As at 31 December 2020, if the USD had strengthened/weakened by 10% (estimated % change in exchange rate) against the VND with all other variables being held constant, the Company's profit before tax profit for the year would have been higher/lower by VND57,938,222,953 respectively as a result of foreign exchange losses/gains on translation of USD-denominated financial instruments (as at 31 December 2019: lower/higher by VND57,994,425,079 respectively).

### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty or fail to perform its financial obligations.

The Company's approach to managing liquidity risk is to ensure that it will always have sufficient reserves of cash to meet its liquidity requirements in both short term and long.

The table below presents the Company's financial liabilities at contractual undiscounted cash flows falling due within 1 year:

	As at	
	31.12.2020 VND	31.12.2019 VND
Short-term borrowings (Note 3.11)	6,716,571,061,080	2,393,727,235,255
Trading obligations (Note 3.12)	935,296,094,913	487,804,747,433
Short-term trade account payables	5,104,995,817	1,046,316,763
Short-term accrued expenses (Note 3.14)	83,776,529,704	56,698,330,262
Other short-term payables (Note 3.15)	209,921,021,432	184,843,206,969
<b>Total financial liabilities</b>	<b>7,950,669,702,946</b>	<b>3,124,119,836,682</b>

### Capital Adequacy Ratio

Capital Adequacy Ratio ("CAR") is an indicator that measures the Company's financial safety and ability to meet its financial obligations and absorb certain losses resulting from risks arising during its business operation.

This ratio is calculated and presented in the Company's capital adequacy ratio report. This report is prepared monthly

in accordance with Circular 87/2017/TT-BTC, according to Circular 87, the Company is required to maintain a prescribed minimum level of CAR of 180%.

As at 31 December 2020, the Company's CAR was 658% (as at 31 December 2019: 566%).

## OPERATING LEASE COMMITMENTS

The Company currently rents offices under operating leases. The future minimum lease payments under non-cancellable operating lease contracts are as follows:

	As at	
	31.12.2020 VND	31.12.2019 VND
Within 1 year	15,537,882,954	22,406,759,219
Between 1 and 5 years	44,709,911,637	46,051,389,766
<b>Total minimum payments</b>	<b>60,247,794,591</b>	<b>68,458,148,985</b>

## CAPITAL COMMITMENTS

Capital expenditure contracted for at the reporting date but not recognised in the financial statements was as follows:

	As at	
	31.12.2020 VND	31.12.2019 VND
Software purchases	397,206,400	5,991,400,000

## VOLUME AND VALUE OF TRANSACTIONS DURING THE YEAR

	Volume of transactions during the year	Value of transactions during the year VND
<b>Of the Company</b>		
Shares	659,578,300	1,328,573,988,400
Bonds	1,723,442,778	47,883,820,935,964
Covered warrants	225,451,605	24,161,117,042,382
Future contracts	454,395	38,204,027,737,000
<b>Of Investors</b>		
Shares	165,746,270	251,408,276,200
Bonds	10,896,523,026	203,153,562,050,582
Covered warrants	641,342,411	71,681,315,149,142
Future contracts	8,306,540	678,339,546,586,000
	<b>14,320,845,325</b>	<b>1,065,003,371,765,670</b>

## COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation, in particular:

### Statement of financial position

Code	ITEMS	For the year ended 31 December 2019		
		Previously reported VND	Reclassification (*) VND	Reclassified VND
112	Financial assets at FVTPL	1,286,632,864,648	19,521,519,660	1,306,154,384,308
114	Loans	4,696,713,331,994	37,783,317,946	4,734,496,649,940
116	Provisions for impairment loss of financial assets and collaterals	-	(37,783,317,946)	(37,783,317,946)
122	Other receivables	100,809,984,866	(57,304,837,606)	43,505,147,260
129	Provisions for doubtful debts	(39,583,792,148)	37,783,317,946	(1,800,474,202)
417.1	Realised profits after tax	633,772,960,412	(19,521,519,660)	614,251,440,752
417.2	Unrealised losses	(48,293,141,097)	19,521,519,660	(28,771,621,437)

(\*) Reclassification of interest income from loans and receivables and brokerage fee income to proper line items and reclassification of expenses to conform to current year's allocation basis.

### Statement of comprehensive income

Code	ITEMS	For the year ended 31 December 2019		
		Previously reported VND	Reclassification (*) VND	Reclassified VND
01	Income from FVTPL financial assets	522,443,256,133	(16,452,632,982)	505,990,623,151
01.1	Realised gains on disposal of FVTPL financial assets	390,930,734,954	(16,452,632,982)	374,478,101,972
01.2	Revaluation gains of FVTPL financial assets	(3,308,332,184)	19,521,519,660	16,213,187,476
01.3	Dividends and interest income from FVTPL financial assets	128,409,865,776	(19,521,519,660)	108,888,346,116
03	Interest income from loans and receivables	495,988,943,636	12,253,501,655	508,242,445,291
06	Brokerage fee income	478,282,787,116	4,199,131,327	482,481,918,443
26	Self-trading expenses	78,706,309,030	(44,783,742,910)	33,922,566,120
27	Brokerage fee expenses	326,959,927,736	36,734,060,108	363,693,987,844
30	Custody service expenses	8,102,665,080	75,763,690	8,178,428,770
31	Investment consultancy service income	16,242,652,044	4,998,588,322	21,241,240,366
32	Other operating expenses	455,955,784	2,975,330,790	3,431,286,574

(\*) Reclassification of interest income from loans and receivables and brokerage fee income to proper line items and reclassification of expenses to conform to current year's allocation basis.

### Statement of cash flows

Code	ITEMS	For the year ended 31 December 2019		
		Previously reported VND	Reclassification (*) VND	Reclassified VND
<b>02</b>	<b>Adjustments for:</b>	<b>77,880,837,340</b>	<b>19,521,519,660</b>	<b>97,402,357,000</b>
08	Accrued interest income	(60,424,834,705)	19,521,519,660	(40,903,315,045)
11	Revaluation losses of FVTPL financial assets and covered warrants liabilities	(516,964,050)	660,000	(516,304,050)
11.1	Revaluation losses of covered warrants	660,000	(660,000)	-
<b>18</b>	<b>Changes in non-cash income</b>	<b>(3,102,655,403)</b>	<b>(19,521,519,660)</b>	<b>(22,624,175,063)</b>
19	Revaluation gains of FVTPL financial assets and covered warrants liabilities	3,308,332,184	(25,932,507,247)	(22,624,175,063)
20	Revaluation gains of covered warrants liabilities	(6,410,987,587)	6,410,987,587	-
50	Increase in other short-term payables	149,712,074,280	20,676,825,890	170,388,900,170
50.1	Increase in covered warrants payable	20,676,825,890	(20,676,825,890)	-

(\*) Reclassification of revaluation gains of bonds as FVTPL financial assets and other items to proper lines according to current year's presentation.

The financial statements were approved by the Board of Management on 18 March 2021.

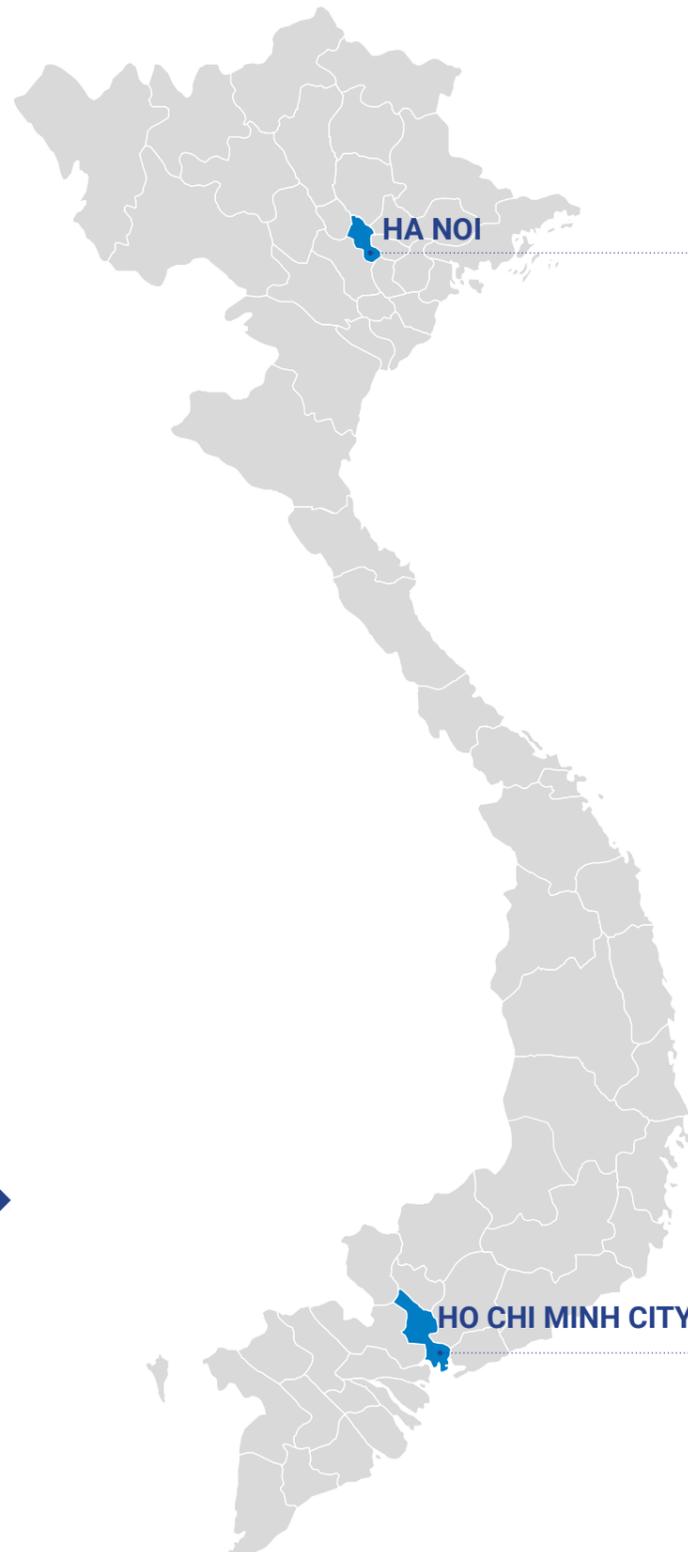
**Le Thi Thuy Duong**  
Preparer

**Lam Huu Ho**  
Chief Financial Officer  
cum Chief Accountant



**Trinh Hoai Giang**  
Chief Executive Officer  
18 March 2021

## NETWORK



### HA NOI BRANCH

Level 2, CornerStone Building,  
16 Phan Chu Trinh, Hoan Kiem District, Hanoi  
Tel: +84 - 24 3933 4693  
Fax: +84 - 24 3933 4822

### LANG HA TRANSACTION OFFICE

Level 6, Vinaconex Building, 34 Lang Ha,  
Dong Da District, Hanoi  
Tel: +84 - 24 3776 7100  
Fax: +84 - 24 3776 7100

### HOAN KIEM TRANSACTION OFFICE

Level 4, 66A Tran Hung Dao Building,  
Hoan Kiem District, Hanoi  
Tel: +84 - 24 3941 6240  
Fax: +84 - 24 3941 6242

### HEAD OFFICE

Level 5&6, AB Tower, 76 Le Lai,  
Ben Thanh Ward, District 1, Ho Chi Minh City  
Tel: +84 - 28 3823 3299  
Fax: +84 - 28 3823 3301

### NGUYEN THI MINH KHAI BRANCH

Level 6A, Sai Gon Giai Phong Building,  
436 - 438 Nguyen Thi Minh Khai, District 3, Ho Chi Minh City  
Tel: +84 - 28 3929 2068  
Fax: +84 - 28 3929 2069

