

**HO CHI MINH CITY SECURITIES CORPORATION**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**



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FOR THE YEAR ENDED 31 DECEMBER 2019**

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## HO CHI MINH CITY SECURITIES CORPORATION

### CORPORATE INFORMATION

#### Establishment and operation licence

No. 11/UBCK-GPHĐKD 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

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

#### Board of Supervision

Mr. Vo Van Chau	Chair Supervisor
Mr. Doan Van Hinh	Member
Ms. Dang Nguyet Minh	Member

#### Board of Management

Mr. Trinh Hoai Giang	Chief Executive Officer (from 16 March 2020) Deputy Chief Executive Officer (until 15 March 2020)
Mr. Johan Nyvene	Chief Executive Officer (until 15 March 2020)
Mr. Le Anh Quan	Managing Director
Mr. Bach Quoc Vinh	Managing Director
Mr. Pham Ngoc Bich	Managing Director
Mr. Christopher Lawrence Hunt	Managing Director (from 1 August 2019)
Mr. Stephen James McKeever	Managing Director
Mr. Tran Tan Dat	Managing Director
Mr. Nguyen Canh Thinh	Managing Director
Ms. Nguyen Linh Lan	Managing Director (from 2 December 2019)
Mr. Le Cong Thien	Deputy Chief Executive Officer (until 26 February 2020)
Mr. Nguyen Quoc Nam	Managing Director (until 27 September 2019)

#### Legal Representative

Mr. Trinh Hoai Giang	Chief Executive Officer (from 16 March 2020)
Mr. Johan Nyvene	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



## HO CHI MINH CITY SECURITIES CORPORATION

### STATEMENT OF THE 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 2019 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 95 which give a true and fair view of the financial position of the Company as at 31 December 2019 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  
26 March 2020



## **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 2019 and approved by the Board of Management on 26 March 2020. The financial statements comprise the statement of financial position as at 31 December 2019, 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 5 to 95.

### **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, 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.

### **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 2019, 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**



\_\_\_\_\_  
Nguyen Hoang Nam  
Audit Practising Licence No.  
0849-2018-006-1

\_\_\_\_\_  
Tran Thi Cam Tu  
Audit Practising Licence No.  
2713-2018-006-1

Report reference number: HCM9206  
Ho Chi Minh City, 26 March 2020



## STATEMENT OF FINANCIAL POSITION

Code	ITEM	Note	As at	
			31.12.2019 VND	31.12.2018 VND
	<b>ASSETS</b>			
<b>100</b>	<b>CURRENT ASSETS</b>		<b>7,295,764,151,145</b>	<b>5,065,174,554,410</b>
<b>110</b>	<b>Financial assets</b>		<b>7,275,687,206,277</b>	<b>4,949,941,619,088</b>
111	Cash and cash equivalents	3.1	906,543,226,372	117,332,185,998
111.1	Cash		906,543,226,372	117,332,185,998
112	Financial assets at fair value through profit or loss ("FVTPL")	3.2	1,286,632,864,648	834,839,940,206
114	Loans	3.2	4,696,713,331,994	3,262,014,843,244
116	Provisions for impairment loss of financial assets and mortgages	3.3	-	(23,573,148,070)
118	Prepayment to suppliers		6,445,066,994	2,081,707,500
119	Service-related receivables	3.4	318,126,523,551	742,571,555,348
122	Other receivables	3.4	100,809,984,866	54,258,327,010
129	Provisions for doubtful debts	3.5	(39,583,792,148)	(39,583,792,148)
<b>130</b>	<b>Other current assets</b>		<b>20,076,944,868</b>	<b>115,232,935,322</b>
131	Advances to employees		251,315,707	594,697,297
133	Short-term prepaid expenses		8,464,775,711	8,976,240,525
134	Short-term security deposits		3,797,282,500	3,405,632,500
137	Other current assets		7,563,570,950	102,256,365,000
137.1	Deposits for derivatives trading activities	3.6	7,563,570,950	102,256,365,000
<b>200</b>	<b>NON-CURRENT ASSETS</b>		<b>192,914,478,203</b>	<b>191,130,772,771</b>
<b>220</b>	<b>Fixed assets</b>		<b>41,889,429,828</b>	<b>47,422,412,537</b>
221	Tangible fixed assets	3.7(a)	24,220,165,536	24,065,517,122
222	Historical cost		86,288,797,369	73,789,663,436
223a	Accumulated depreciation		(62,068,631,833)	(49,724,146,314)
227	Intangible fixed assets	3.7(b)	17,669,264,292	23,356,895,415
228	Historical cost		69,590,128,018	64,392,294,363
229a	Accumulated amortisation		(51,920,863,726)	(41,035,398,948)
<b>240</b>	<b>Construction in progress</b>	3.7(c)	<b>13,597,128,282</b>	<b>4,447,220,550</b>
<b>250</b>	<b>Other non-current assets</b>		<b>137,427,920,093</b>	<b>139,261,139,684</b>
251	Long-term security deposits		6,192,051,327	7,528,788,877
252	Long-term prepaid expenses	3.8	100,955,484,782	100,173,558,928
253	Deferred income tax assets	3.16	280,383,984	1,558,791,879
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>7,488,678,629,348</b>	<b>5,256,305,327,181</b>

The notes on pages 15 to 95 are an integral part of these financial statements.



**STATEMENT OF FINANCIAL POSITION**  
(continued)

Code	ITEM	Note	As at	
			31.12.2019 VND	31.12.2018 VND
<b>300</b>	<b>LIABILITIES</b>		<b>3,184,535,590,209</b>	<b>2,195,769,164,684</b>
<b>310</b>	<b>Current liabilities</b>		<b>3,184,535,590,209</b>	<b>2,195,769,164,684</b>
311	Short-term borrowings and finance lease liabilities		2,393,727,235,255	1,554,132,323,195
312	Short-term borrowings	3.11	2,393,727,235,255	1,554,132,323,195
316	Short-term issued bonds	3.11	-	150,000,000,000
318	Trading obligations	3.12	487,804,747,433	315,637,153,051
320	Short-term trade payables		1,046,316,763	3,466,914,332
322	Taxes and other payables to the State	3.13	37,937,342,045	34,014,747,386
324	Accrued employees' welfares		3,851,740,871	3,591,087,935
325	Short-term accrued expenses	3.14	56,698,330,262	58,349,981,835
329	Other short-term payables	3.15	184,843,206,969	31,471,069,058
331	Bonus and welfare funds		18,626,670,611	45,105,887,892
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>4,304,143,039,139</b>	<b>3,060,536,162,497</b>
<b>410</b>	<b>Owners' equity</b>		<b>4,304,143,039,139</b>	<b>3,060,536,162,497</b>
411	Owners' capital		3,411,931,836,992	1,625,017,521,491
411.1	Share capital	3.17	3,058,822,630,000	1,297,567,580,000
411.1a	Ordinary shares with voting rights		3,058,822,630,000	1,297,567,580,000
411.2	Share premium		358,946,064,000	330,343,798,499
411.5	Treasury shares		(5,836,857,008)	(2,893,857,008)
414	Supplementary capital reserve		151,385,003,919	129,756,758,000
415	Financial risk and operational reserve		151,385,003,919	129,756,758,000
416	Other equity reserves		3,961,374,994	3,961,374,994
417	Undistributed earnings	3.18	585,479,819,315	1,172,043,750,012
417.1	Realised profits after tax		633,772,960,412	1,223,955,850,562
417.2	Unrealised losses		(48,293,141,097)	(51,912,100,550)
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>7,488,678,629,348</b>	<b>5,256,305,327,181</b>

The notes on pages 15 to 95 are an integral part of these financial statements.

## OFF STATEMENT OF FINANCIAL POSITION ITEMS

Code	ITEM	Note	As at	
			31.12.2019	31.12.2018
<b>A</b>	<b>ASSETS OF THE COMPANY AND ASSETS UNDER ENTRUSTMENT</b>			
			<i>Amount (VND)</i>	
004	Bad debts written off	4.1	345,059,000	345,059,000
			<i>Original currency</i>	
005	Foreign currencies	4.2		
	United States Dollar		1,899.62	5,176.74
	Japanese Yen		241,915	241,915
	Singapore Dollar		844	590
	British Pound		1,594.70	100.00
	New Taiwan Dollar		3,200	3,200
	Canadian Dollar		100	100
	Malaysian Ringgit		750	750
			<i>Quantity</i>	
006	Number of shares in issue (shares)	4.3	305,516,173	129,554,168
007	Number of treasury shares (shares)	3.17	366,090	202,590
			<i>Par value (VND)</i>	
008	Securities listed/registered at Vietnam Securities Depository ("VSD")		146,128,706,000	243,492,050,000
	<i>Freely traded securities</i>		146,128,706,000	243,492,050,000
009	Securities in custody of VSD and not yet traded		506,139,500,000	3,150,000,000
	<i>Freely traded securities</i>		506,139,500,000	3,150,000,000
010	Securities purchased and awaiting settlement		4,570,802,000	18,501,900,000
	<i>Securities awaiting settlement</i>		4,570,802,000	18,501,900,000
012	Securities not in custody of VSD		391,374,560,000	26,401,400,000
	<i>Freely traded securities</i>		391,374,560,000	26,401,400,000
			<i>Quantity</i>	
014	Covered warrants authorised but not yet issued	4.4	60,105,000	-
<b>B</b>	<b>ASSETS OF AND LIABILITIES TO CUSTOMERS</b>			
			<i>Par value (VND)</i>	
021	Securities listed/registered at VSD		21,705,821,330,200	20,208,119,040,000
021.1	<i>Freely traded securities</i>		18,732,929,161,200	16,144,256,020,000
021.2	<i>Restricted securities</i>		129,406,140,000	269,550,390,000
021.3	<i>Pledged securities</i>		2,371,412,250,000	3,391,438,550,000
021.4	<i>Suspended securities</i>		268,676,880,000	132,776,880,000
021.5	<i>Securities awaiting settlement</i>		203,396,899,000	270,097,200,000
021.7	<i>Customers' deposits for derivatives trading</i>		124,320,416,100	263,028,634,043

The notes on pages 15 to 95 are an integral part of these financial statements.



OFF STATEMENT OF FINANCIAL POSITION ITEMS  
(continued)

Code	ITEM	As at	
		31.12.2019	31.12.2018
<b>B</b>	<b>ASSETS OF AND LIABILITIES TO CUSTOMERS (continued)</b>	<b>Par value (VND)</b>	
022	Securities in custody of VSD and not yet traded	18,424,050,000	7,536,110,000
022.1	Securities in custody of VSD and not yet traded – freely traded securities	11,232,460,000	5,612,110,000
022.2	Securities in custody of VSD and not yet traded – suspended securities	7,191,590,000	1,924,000,000
023	Securities purchased and awaiting settlement	212,253,750,000	352,223,480,000
024b	Securities not in custody of VSD of investors	5,500,000,000	13,922,660,000
026	Customers' deposits	865,759,134,335	1,285,995,489,258
027	Customers' deposits for securities trading	741,438,718,235	1,022,966,855,215
027.1	Customers' deposits at VSD	124,320,416,100	263,028,634,043
031	Payables to customers relating to their deposits at the Company for securities trading	741,438,718,235	1,022,966,855,215
031.1	Payables to domestic customers relating to their deposits at the Company for securities trading	733,323,220,892	1,016,049,164,264
031.2	Payables to foreign customers relating to their deposits at the Company for securities trading	8,115,497,343	6,917,690,951

Le Thi Thuy Duong  
Preparer

Lam Huu Ho  
Chief Financial Officer



Trinh Hoai Giang  
Chief Executive Officer  
26 March 2020



## STATEMENT OF COMPREHENSIVE INCOME

Code	ITEM	Note	For the year ended	
			31.12.2019 VND	31.12.2018 VND
	<b>OPERATING INCOME</b>			
01	Income from FVTPL financial assets		522,443,256,133	928,460,243,499
01.1	Realised gains on disposal of FVTPL financial assets	5.1	390,930,734,954	858,463,794,818
01.2	Decrease in revaluation gains of FVTPL financial assets	5.2	(3,308,332,184)	(35,012,239,201)
01.3	Dividends and interest income from FVTPL financial assets	5.3	128,409,865,776	105,008,687,882
01.4	Decrease in revalued amount of covered warrants liabilities	5.2	6,410,987,587	-
03	Interest income from loans and receivables		495,988,943,636	523,064,352,711
06	Brokerage fee income		478,282,787,116	758,849,301,292
09	Custody service income		7,616,808,263	8,554,349,465
10	Financial consultancy service income		53,627,870,462	119,216,643,588
11	Other operating income		2,171,378,005	11,671,488,830
<b>20</b>	<b>TOTAL OPERATING INCOME</b>		<b>1,560,131,043,615</b>	<b>2,349,816,379,385</b>
	<b>OPERATING EXPENSES</b>			
21	Losses from FVTPL financial assets		(299,990,119,345)	(650,116,339,657)
21.1	Realised losses on disposal of FVTPL financial assets	5.1	(300,506,423,395)	(662,889,080,398)
21.2	Decrease in revaluation losses of FVTPL financial assets	5.2	516,964,050	12,772,740,741
21.4	Increase in revalued amount of covered warrants liabilities	5.2	(660,000)	-
24	Provisions for financial assets, losses on bad debts, impairment losses of financial assets and interest expenses associated with loans	5.4	(113,682,911,467)	(155,881,063,174)
26	Proprietary trading activities	5.5	(78,706,309,030)	(87,578,216,751)
27	Brokerage fee expenses	5.5	(326,959,927,736)	(431,738,308,494)
30	Custody service expenses	5.5	(8,102,665,080)	(10,276,510,005)
31	Financial consultancy service expenses	5.5	(16,242,652,044)	(21,555,635,774)
32	Other operating expenses	5.5	(455,955,784)	(1,395,644,586)
<b>40</b>	<b>TOTAL OPERATING EXPENSES</b>		<b>(844,140,540,486)</b>	<b>(1,358,541,718,441)</b>

The notes on pages 15 to 95 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME  
(continued)

Code	ITEM	Note	For the year ended	
			31.12.2019 VND	31.12.2018 VND
	<b>FINANCIAL INCOME</b>			
42	Dividend income and interest income from demand deposits		2,119,729,545	2,310,619,199
50	<b>TOTAL FINANCIAL INCOME</b>		<b>2,119,729,545</b>	<b>2,310,619,199</b>
62	<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	5.6	<b>(186,799,467,128)</b>	<b>(151,501,925,159)</b>
70	<b>OPERATING RESULT</b>		<b>531,310,765,546</b>	<b>842,083,354,984</b>
	<b>OTHER INCOME AND EXPENSES</b>			
71	Other income		95,013,636	102,300,000
80	<b>NET OTHER INCOME</b>		<b>95,013,636</b>	<b>102,300,000</b>
90	<b>NET ACCOUNTING PROFIT BEFORE TAX</b>		<b>531,405,779,182</b>	<b>842,185,654,984</b>
91	Realised profit		527,786,819,729	864,425,153,444
92	Unrealised profit/(loss)		3,618,959,453	(22,239,498,460)
100	<b>BUSINESS INCOME TAX ("BIT")</b>	5.7	<b>(98,840,860,805)</b>	<b>(166,705,500,612)</b>
100.1	BIT – current		(97,562,452,910)	(165,790,921,130)
100.2	BIT – deferred		(1,278,407,895)	(914,579,482)
200	<b>NET PROFIT AFTER TAX</b>		<b>432,564,918,377</b>	<b>675,480,154,372</b>
300	<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>			
400	<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		-	-
500	<b>EARNINGS PER SHARE</b>			
501	Basic earnings per share (VND/share)	5.8	1,596	3,128
502	Diluted earnings per share (VND/share)	5.8	1,596	3,128



Le Thi Thuy Duong  
Preparer



Lam Huu Ho  
Chief Financial Officer



Trinh Hoai Giang  
Chief Executive Officer  
26 March 2020

The notes on pages 15 to 95 are an integral part of these financial statements.



**STATEMENT OF CASH FLOWS**  
**(Indirect method)**

Code	ITEM	Note	For the year ended	
			31.12.2019 VND	31.12.2018 VND
	<b>Cash flows from operating activities</b>			
01	<b>Net profit before tax</b>		<b>531,405,779,182</b>	<b>842,185,654,984</b>
02	<b>Adjustments for:</b>		<b>77,880,837,340</b>	<b>160,835,620,303</b>
03	Depreciation and amortisation		24,717,774,214	20,281,165,370
04	Reversal of provisions		(23,573,148,070)	(10,057,879,220)
06	Interest expenses		137,256,059,537	165,938,942,394
07	Profits from investing activities		(95,013,636)	(2,412,919,199)
08	Accrued interest income		(60,424,834,705)	(12,913,689,042)
10	<b>Changes in non-cash expenses</b>		<b>(516,304,050)</b>	<b>(12,772,740,741)</b>
11	Decrease in revaluation losses of FVTPL financial assets		(516,964,050)	(12,772,740,741)
11.1	Revaluation losses of covered warrants		660,000	-
18	<b>Changes in non-cash income</b>		<b>(3,102,655,403)</b>	<b>35,012,239,201</b>
19	Decrease in revaluation gains of FVTPL financial assets		3,308,332,184	35,012,239,201
20	Decrease in revalued amount of covered warrants liabilities		(6,410,987,587)	-
30	<b>Changes in working capital</b>		<b>(1,449,551,028,333)</b>	<b>848,066,516,593</b>
31	(Increase)/decrease in FVTPL financial assets		(454,584,292,576)	3,550,752,130
33	(Increase)/decrease in loans		(1,434,698,488,750)	1,239,577,460,362
34	Decrease in AFS financial assets		-	311,675,286,366
37	Decrease/(increase) in service-related receivables		424,445,031,797	(271,550,203,970)
39	Decrease in other receivables		14,216,558,439	7,981,004,530
41	Decrease in accrued expenses (excluding interest expenses)		(37,810,538,371)	(9,435,390,531)
42	Increase in prepaid expenses		(270,461,040)	(8,011,454,519)
43	BIT paid		(90,420,756,280)	(197,402,447,080)
44	Interest paid		(128,261,747,739)	(171,732,474,670)
45	Decrease in trade payables		(6,783,957,063)	(1,420,187,464)
46	Increase in employee welfare payables		260,652,936	620,045,550
47	Decrease in tax and other payables to the State (excluding BIT paid)		(1,669,811,456)	(14,898,222,504)
50	Increase/(decrease) in other short-term payables		149,712,074,280	(28,635,985,680)
50.1	Increase in covered warrants payable		20,676,825,890	-
51	Other receipts from operating activities		95,637,881,600	-
52	Other payments for operating activities		-	(12,251,665,927)
60	<b>Net cash (outflows for)/ inflows from operating activities</b>		<b>(843,883,371,264)</b>	<b>1,873,327,290,340</b>
	<b>Cash flows from investing activities</b>			
61	Cash paid for purchases of fixed assets		(28,334,699,237)	(27,292,896,315)
62	Proceeds from disposals of fixed assets		104,515,000	112,530,000
70	<b>Net cash outflows for investing activities</b>		<b>(28,230,184,237)</b>	<b>(27,180,366,315)</b>

The notes on pages 15 to 95 are an integral part of these financial statements.



**STATEMENT OF CASH FLOWS**  
**(Indirect method)**  
**(continued)**

Code	ITEM	Note	For the year ended	
			31.12.2019 VND	31.12.2018 VND
	<b>Cash flows from financing activities</b>			
71	Proceeds from issuance of shares	6.2	1,222,514,474,000	-
72	Payments for share repurchases		(2,027,400,000)	(200,880,000)
73.2	Proceeds from borrowings	6.3	31,004,520,032,398	24,405,151,937,751
74.3	Repayments of principals of borrowings	6.4	(30,314,925,120,338)	(25,980,775,013,930)
76	Payment of dividend		(248,757,390,185)	(349,211,819,379)
<b>80</b>	<b>Net cash inflows from/(outflows for) financing activities</b>		<b>1,661,324,595,875</b>	<b>(1,925,035,775,558)</b>
<b>90</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>789,211,040,374</b>	<b>(78,888,851,533)</b>
<b>101</b>	<b>Cash and cash equivalents at beginning of year</b>		<b>117,332,185,998</b>	<b>196,221,037,531</b>
101.1	Cash	3.1	117,332,185,998	196,221,037,531
<b>103</b>	<b>Cash and cash equivalents at end of year</b>		<b>906,543,226,372</b>	<b>117,332,185,998</b>
103.1	Cash	3.1	906,543,226,372	117,332,185,998

Major non-cash transactions in the year are presented in Note 6.1.

**STATEMENT OF CASH FLOWS**  
(Indirect method)  
(continued)

**CASH FLOWS OF BROKERAGE AND ENTRUSTMENT ACTIVITIES**

Code	ITEM	For the year ended	
		31.12.2019 VND	31.12.2018 VND
	<b>Cash flows of brokerage and entrustment activities</b>		
01	Brokerage trading proceeds	67,940,759,977,710	111,418,661,903,490
02	Brokerage trading payments	(72,248,211,899,110)	(105,630,067,603,400)
07	Receipts for settlement of customers' transactions	4,033,540,592,683	-
08	Payments for customers' securities transactions	-	(5,657,618,342,790)
11	Payments for custody fees of customers	(7,616,808,263)	(8,554,349,465)
<b>20</b>	<b>(Decrease)/increase in customers' deposits</b>	<b>(281,528,136,980)</b>	<b>122,421,607,835</b>
<b>30</b>	<b>Customers' deposits at beginning of year</b>	<b>1,022,966,855,215</b>	<b>900,545,247,380</b>
31	Cash at bank	1,022,966,855,215	900,545,247,380
32	Customers' deposits for securities trading under monitoring of the Company	1,022,966,855,215	900,545,247,380
<b>40</b>	<b>Customers' deposits at end of year</b>	<b>741,438,718,235</b>	<b>1,022,966,855,215</b>
41	Cash at bank	741,438,718,235	1,022,966,855,215
42	Customers' deposits for securities trading under monitoring of the Company	741,438,718,235	1,022,966,855,215



Le Thi Thuy Duong  
Preparer



Lam Huu Ho  
Chief Financial Officer




Trinh Hoai Giang  
Chief Executive Officer  
26 March 2020

## STATEMENT OF CHANGES IN EQUITY

Items	As at		For the year ended		For the year ended		As at	
	1.1.2018	1.1.2019	Increase	Decrease	Increase	Decrease	31.12.2018	31.12.2019
<b>I. Changes in equity</b>								
1. Owners' capital	1,625,309,121,491	1,625,017,521,491	(291,600,000)	-	2,117,258,114,000	(330,343,798,499)	1,625,017,521,491	3,411,931,836,992
1.1 Ordinary shares with voting rights	1,297,567,580,000	1,297,567,580,000	-	-	1,761,255,050,000	-	1,297,567,580,000	3,058,822,630,000
1.2 Share premium	330,343,798,499	330,343,798,499	-	-	358,946,064,000	(330,343,798,499)	330,343,798,499	358,946,064,000
1.3 Treasury shares	(2,602,257,008)	(2,893,857,008)	(291,600,000)	-	(2,943,000,000)	-	(2,893,857,008)	(5,836,857,008)
2. Supplementary capital reserve	129,756,758,000	129,756,758,000	-	-	21,628,245,919	-	129,756,758,000	151,385,003,919
3. Financial risk and operation reserve	129,756,758,000	129,756,758,000	-	-	21,628,245,919	-	129,756,758,000	151,385,003,919
4. Revaluation reserve	70,064,262,508	-	-	(70,064,262,508)	-	-	-	-
5. Other equity funds	3,961,374,994	3,961,374,994	-	-	-	-	3,961,374,994	3,961,374,994
6. Undistributed earnings	832,312,877,270	1,172,043,750,012	675,480,154,372	(335,749,281,630)	432,564,918,377	(1,019,128,849,074)	1,172,043,750,012	585,479,819,315
6.1 Realised profit after tax	861,985,479,360	1,223,955,850,562	697,719,652,832	(335,749,281,630)	428,945,958,924	(1,019,128,849,074)	1,223,955,850,562	633,772,960,412
6.2 Unrealised (losses)/gains after tax	(29,672,602,090)	(51,912,100,550)	(22,239,498,460)	-	3,618,959,453	-	(51,912,100,550)	(48,293,141,097)
<b>Total</b>	<b>2,791,161,152,263</b>	<b>3,060,536,162,497</b>	<b>675,188,554,372</b>	<b>(405,813,544,138)</b>	<b>2,593,079,524,215</b>	<b>(1,349,472,647,573)</b>	<b>3,060,536,162,497</b>	<b>4,304,143,039,139</b>

Le Thi Thuy Duong  
Preparer

Lam Huu Ho  
Chief Financial Officer



Trình Hoài Giảng  
Chief Executive Officer  
26 March 2020

The notes on pages 15 to 95 are an integral part of these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**1 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-GPHĐKD 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 5<sup>th</sup> – 6<sup>th</sup> Floor, AB Tower, 76 Le Lai Street, Ben Thanh Ward, District 1, Ho Chi Minh City, Vietnam.

Contact information:

Email: [info@hsc.com.vn](mailto:info@hsc.com.vn)

Telephone: (+84 28) 3823 3299

***Company charter***

The Company’s Charter was latest updated on 25 June 2019.

***Capital size***

	<b>As at 31 December 2019  (“reporting date”) VND</b>
The Company’s charter capital	3,058,822,630,000
Total owners’ equity	4,304,143,039,139
Total assets	<u>7,488,678,629,348</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****1 GENERAL INFORMATION (continued)*****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 7 branches and transaction offices in Vietnam.

***Principal activities***

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

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

The market in 2019 witnessed less initial public offerings and lower trading volume as compared to 2018. As a result, the Company's profit after tax was achieved at 68% of actual result of 2018, details are as follows:

- Brokerage fee income decreased by 37% as compared to 2018 due to a significant drop of 28% in market trading volume;
- Financial consultancy service income decreased by 55% as compared to 2018 due to fewer transactions completed in 2019;
- Income from proprietary trading (including net gains on disposal of financial assets, dividends and interest income, and revaluation gains of financial assets) decreased by 20% as there were fewer sales of securities at high gain as in 2018;
- Total operating expenses decreased in line with revenue and income, in which brokerage fee expenses reduced by 24%, custody service expenses reduced by 21% and financial consultancy service expenses reduced by 25%;



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**1 GENERAL INFORMATION (continued)**

***Overview of business operations during the year and their impacts to the financial statements (continued)***

- Interest expenses decreased by 17% as compared to 2018 as the Company raised capital of VND1,200 billion in the second quarter of 2019, thereby reducing the average borrowing balances; in addition, the Company mobilised new source of finance from borrowings at lower interest rate in October 2019 (Note 3.11);
- General and administrative expenses increased by 23% as compared to 2018 due to increase in headcount at supporting functions, expenses for information technology; external consultancy services and other administrative expenses to cope with the expansion.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 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-CĐKT dated 12 May 2017 ("Official Letter 6190/BTC-CĐKT") 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 the 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).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.2 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 HTM financial assets and loans (Note 2.7 and Note 3.3);
- Provision for doubtful debts (Note 2.8 and Note 3.5);
- Estimated useful life of fixed assets (Note 2.11 and Note 3.7);
- Estimated useful life of prepaid expenses (Note 2.13 and Note 3.8).

**2.3 Form of records applied**

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

**2.4 Fiscal year**

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

**2.5 Currency**

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

The Company determine 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.5 Currency (continued)**

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.

**2.6 Cash and cash equivalents**

Cash 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.

**2.7 Financial assets****(a) Classification and measurement****(i) 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).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Financial assets (continued)****(a) Classification and measurement (continued)**

- (i) *Financial assets measured at fair value through profit or loss (“FVTPL”)  
(continued)*

At initial recognition, the Board of Management designates a financial asset at 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Financial assets (continued)****(a) Classification and measurement (continued)****(ii) Held-to-maturity financial assets ("HTM")**

HTM financial assets are non-derivative financial assets with the followings 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 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).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Financial assets (continued)****(a) Classification and measurement (continued)****(ii) Held-to-maturity financial assets ("HTM") (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:
  - (i) Adverse changes in the payment status of borrowers in the group; or
  - (ii) 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Financial assets (continued)****(a) Classification and measurement (continued)***(iii) 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 EIR method.

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.

*(iv) Available-for-sale financial assets ("AFS")*

AFS financial assets are non-derivative financial assets that are not classified as FVTPL, HTM, loans nor receivables.

AFS financial assets are initially recorded at cost inclusive of directly attributable purchase cost.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Financial assets (continued)****(a) Classification and measurement (continued)***(iv) Available-for-sale financial assets ("AFS") (continued)*

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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Financial assets (continued)****(b) Reclassification***(i) 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.

*(ii) 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.

**(c) 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Financial assets (continued)****(d) 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.

**(e) 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:

*(i) 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.

*(ii) Other shares*

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

*(iii) 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.

*(iv) Unlisted bonds*

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



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Financial assets (continued)****(e) Determination of market value/fair value (continued)***(v) Certificates of open-ended funds/ exchanged traded fund*

These 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.

*(vi) 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.

**(f) 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 capitalised.

*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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.8 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.

**2.9 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 liabilities. 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.10 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-CKT, 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 position 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'.

***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'.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.11 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

*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.

**2.12 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.13 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.

**2.14 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.

**2.15 Liabilities****(a) 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.

**(b) 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.16 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.

**2.17 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.

**2.18 Issued bonds**

Issued bonds are initially recognised at their issuance prices. Premiums/(discounts) are determined at issuances and allocated to borrowing costs or capitalised during the bond tenors using straight line method.

Issued bonds balances are presented on a net basis (par values plus unallocated premiums or minus unallocated discounts at the reporting date).

Issued bonds are classified as current and non-current liabilities in the statement of financial position based on their tenors.

**2.19 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:



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.19 Covered warrants (continued)*****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.

All costs incurred for buybacks and issuance of covered warrants are expensed off immediately. Indemnifications for customers due to late payments 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.

**2.20 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.21 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.

**2.22 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.

**2.23 Equity****(a) Owners' capital**

Owners' capital is recorded according to the actual amounts contributed and is recorded according to 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.

**(b) Revaluation reserve**

Revaluation reserve reflects the differences arising on revaluation of AFS.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.23 Equity (continued)****(c) *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.

**(d) *Other equity funds***

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

**(e) *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).

**2.24 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.25 Assets of customers and liabilities to customers**

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

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

**2.26 Revenue and income recognition****(a) *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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.26 Revenue and income recognition (continued)****(b) *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.

**(c) *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.

**(d) *Revenue from securities repurchase and reverse repurchase agreements***

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.26 Revenue and income recognition (continued)****(e) Other income**

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

**2.27 Expenses****(a) Recognition**

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

**(b) Classification**

Expenses are classified by function as follows:

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

**2.28 Financial income**

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

**2.29 Borrowing costs**

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

In respect of general-purpose borrowings, a portion of which used for the purpose of construction or 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 period, 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.

**2.30 General and administration expenses**

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses, outside services, depreciation expenses, office rental expenses and other expenses.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.31 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 with which the Vietnam has not signed any double tax relief agreement. Income tax expense comprises current tax expense and deferred tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profit and 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.

**2.32 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 the related party relationship, the Company considers the substance of the relationship not merely the legal form.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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

**2.33 Segment reporting**

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

**2.34 Nil items**

Items required by Circular 334, Official Letter 6190 and Circular 23 that are not presented in these financial statements indicate nil items.

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION**

**3.1 Cash**

	<b>As at</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
<b>Cash</b>		
Cash on hand	282,536,566	214,969,560
Cash at bank	837,260,689,806	117,117,216,438
Security deposit for covered warrants issued (*)	69,000,000,000	-
<b>Total</b>	<b>906,543,226,372</b>	<b>117,332,185,998</b>

(\*) This balance represents security deposit at custodian banks in relation to covered warrants issued by the Company (as at 31 December 2018: nil). 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**3.2 Financial assets**

**(a) Financial assets measured at fair value through profit or loss (“FVTPL”)**

	Ticker symbol	As at 31.12.2019		As at 31.12.2018	
		Cost VND	Market value/ fair value VND	Cost VND	Market value/ fair value VND
<b>Listed shares and shares traded on UPCoM</b>		<b>360,948,994,027</b>	<b>321,227,493,648</b>	<b>709,217,997,093</b>	<b>672,534,932,248</b>
Military Commercial Joint Stock Bank	MBB	170,048,570,935	154,448,944,000	31,795,383,922	29,621,027,400
Mobile World Investment Corporation	MWG	67,247,958,612	63,776,388,000	106,614,140,257	105,527,259,000
FPT Corporation	FPT	24,773,347,209	25,032,154,400	19,890,578,135	19,947,771,200
Vietnam Prosperity Joint-Stock Commercial Bank	VPB	21,988,881,980	20,336,680,000	75,480,916,835	69,438,907,650
Technological and Commercial Joint Stock Bank	TCB	17,845,690,449	17,462,136,600	2,870,235,050	2,585,258,500
Others		59,044,544,842	40,171,190,648	472,566,742,894	445,414,708,498
<b>Unlisted and unregistered shares</b>		<b>19,009,000,000</b>	<b>4,833,498,000</b>	<b>36,552,640,000</b>	<b>22,377,138,000</b>
Viet Nam Investment Fund Management JSC		-	-	21,803,640,000	21,803,640,000
Others		19,009,000,000	4,833,498,000	14,749,000,000	573,498,000
<b>Underlying assets designated as hedges for covered warrants</b>		<b>74,115,366,734</b>	<b>73,306,695,400</b>	-	-
Mobile World Investment Corporation	MWG	22,618,399,146	22,761,240,000	-	-
FPT Corporation	FPT	19,752,343,224	20,188,124,000	-	-
Military Commercial Joint Stock Bank	MBB	19,320,258,909	18,246,966,400	-	-
Others		12,424,365,455	12,110,365,000	-	-

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**3.2 Financial assets (continued)**

**(a) Financial assets measured at fair value through profit or loss (“FVTPL”) (continued)**

	Ticker symbol	As at 31.12.2019		As at 31.12.2018	
		Cost VND	Market value/ fair value VND	Cost VND	Market value/ fair value VND
<b>Listed bond</b>		<b>500,989,500,000</b>	<b>500,989,500,000</b>	<b>81,450,161,318</b>	<b>81,450,161,318</b>
Bank for Investment and Development of Vietnam	BID11908	499,989,500,000	499,989,500,000	-	-
Vietnam Bank for Social Policies	BVBS18164	1,000,000,000	1,000,000,000	-	-
Ho Chi Minh City Infrastructure Investment JSC	CII11709	-	-	81,450,161,318	81,450,161,318
<b>Unlisted bond</b>		<b>386,124,240,000</b>	<b>386,124,240,000</b>	<b>1,000,000,000</b>	<b>1,000,000,000</b>
Vietnam State Treasury	BVJC201901	386,124,240,000	386,124,240,000	-	-
Vietnam Bank for Social Policies	BVBS18164	-	-	1,000,000,000	1,000,000,000
<b>ETF certificates</b>		<b>149,232,571</b>	<b>151,437,600</b>	<b>58,531,242,345</b>	<b>57,477,708,640</b>
VFMVN30 ETF	E1VFN30	149,232,571	151,437,600	58,531,242,345	57,477,708,640
<b>Total</b>		<b>1,341,336,333,332</b>	<b>1,286,632,864,648</b>	<b>886,752,040,756</b>	<b>834,839,940,206</b>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**3.2 Financial assets (continued)**

**(a) Financial assets measured at fair value through profit or loss (“FVTPL”) (continued)**

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
Ho Chi Minh City Infrastructure Investment JSC - CII11709	No	26/07/2017	26/07/2019	(**)	100,000
<b>Unlisted bond</b>					
Vietjet Aviation Joint Stock Company	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 in 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**3.2 Financial assets (continued)**

**(a) Financial assets measured at fair value through profit or loss (“FVTPL”) (continued)**

- (\*\*) Interest rate for the first year is 8% per annum. Interest rate for second year is the total of the reference interest rate and a margin of 1% per annum. The reference interest rate is the arithmetic average of the twelve (12) month term deposit interest rate for VND corporate savings (interest paid in arrears) published by the four (04) banks being BIDV, Vietinbank, Vietcombank and Argibank.
- (\*\*\*) 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 FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**3.2 Financial assets (continued)**

**(a) Financial assets measured at fair value through profit or loss (“FVTPL”) (continued)**

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	-	-	500,989,500,000
Unlisted bond	386,124,240,000	-	-	386,124,240,000
ETF certificates	149,232,571	2,205,029	-	151,437,600
<b>Total</b>	<b>1,341,336,333,332</b>	<b>1,309,123,612</b>	<b>(56,012,592,296)</b>	<b>1,286,632,864,648</b>

As at 31 December 2018	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	709,217,997,093	4,617,455,796	(41,300,520,641)	672,534,932,248
Unlisted and unregistered shares	36,552,640,000	-	(14,175,502,000)	22,377,138,000
Listed bond	81,450,161,318	-	-	81,450,161,318
Unlisted bond	1,000,000,000	-	-	1,000,000,000
ETF certificates	58,531,242,345	-	(1,053,533,705)	57,477,708,640
<b>Total</b>	<b>886,752,040,756</b>	<b>4,617,455,796</b>	<b>(56,529,556,346)</b>	<b>834,839,940,206</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**3.2 Financial assets (continued)**

**(b) Loans**

	<b>As at</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Margin loans (*)	4,680,997,147,954	3,143,086,409,319
Trading advances	15,716,184,040	118,928,433,925
<b>Total</b>	<b>4,696,713,331,994</b>	<b>3,262,014,843,244</b>

- (i) Securities purchased on margin are held by the Company as collaterals for margin loans. The market value of collateral assets as at 31 December 2019 was VND11,945,957,954,288 (as at 31 December 2018: VND12,620,681,071,110).

**3.3 Provision for impairments of financial assets and pledged assets**

	<b>As at</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Provision for impairments of loans	-	23,573,148,070

Movements in provision for impairments of financial assets and pledged assets during the year are as follows:

	<b>Year ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Opening balance	23,573,148,070	33,631,027,290
Reversal of provision	(23,573,148,070)	(10,057,879,220)
Closing balance	-	<b>23,573,148,070</b>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**3.4 Short-term receivables**

		<b>As at 31.12.2019</b>		<b>As at 31.12.2018</b>	
		<b>Carrying value VND</b>	<b>Doubtful amount VND</b>	<b>Carrying value VND</b>	<b>Doubtful amount VND</b>
<b>Service-related receivables</b>					
Receivable from securities purchasing	(i)	313,839,645,938	-	555,238,957,303	-
Financial consultancy service fee receivables		1,292,650,000	1,145,650,000	2,455,150,000	1,145,650,000
Receivables from VSD		-	-	151,994,956,491	-
Other receivables from securities trading		2,994,227,613	-	32,882,491,554	-
		<b>318,126,523,551</b>	<b>1,145,650,000</b>	<b>742,571,555,348</b>	<b>1,145,650,000</b>
<b>Other receivables</b>					
Overdue margin loans	(ii)	37,783,317,946	37,783,317,946	37,783,317,946	37,783,317,946
Bank interest receivables		40,903,315,045	-	12,913,689,042	-
Bonds interest receivables		19,521,519,660	-	-	-
Others		2,601,832,215	654,824,202	3,561,320,022	654,824,202
		<b>100,809,984,866</b>	<b>38,438,142,148</b>	<b>54,258,327,010</b>	<b>38,438,142,148</b>
<b>Total</b>		<b>418,936,508,417</b>	<b>39,583,792,148</b>	<b>796,829,882,358</b>	<b>39,583,792,148</b>

- (i) This is receivable from institutional investors in relation to their purchases of securities. The market value of collateral assets as at 31 December 2019 was VND322,040,000,000 (as at 31 December 2018: VND560,919,280,200).
- (ii) This is the residual amount of overdue margin loans after the Company forcibly sold all collateral assets to recover the loans. The Company has made full provision for these balances as at 31 December 2019 and as at 31 December 2018 (Note 3.5).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**3.5 Provision for doubtful debts**

	Doubtful amount		Provision			Closing balance VND
	Opening balance VND	Closing balance VND	Opening balance VND	Provision VND	Reversal 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>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**3.6 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.

**3.7 Fixed assets**

**(a) *Tangible fixed assets***

	<b>Motor vehicles VND</b>	<b>Office equipment VND</b>	<b>Total VND</b>
<b>Historical cost</b>			
As at 1.1.2019	4,009,883,640	69,779,779,796	<b>73,789,663,436</b>
New purchases	-	9,151,804,340	<b>9,151,804,340</b>
Transfers from construction in progress (Note 3.7(c))	-	4,835,153,510	<b>4,835,153,510</b>
Disposals	-	(1,487,823,917)	<b>(1,487,823,917)</b>
As at 31.12.2019	<b>4,009,883,640</b>	<b>82,278,913,729</b>	<b>86,288,797,369</b>
<b>Accumulated depreciation</b>			
As at 1.1.2019	2,469,951,269	47,254,195,045	<b>49,724,146,314</b>
Charge for the year	507,655,796	13,324,653,640	<b>13,832,309,436</b>
Disposals	-	(1,487,823,917)	<b>(1,487,823,917)</b>
As at 31.12.2019	<b>2,977,607,065</b>	<b>59,091,024,768</b>	<b>62,068,631,833</b>
<b>Net book value</b>			
As at 1.1.2019	1,539,932,371	22,525,584,751	<b>24,065,517,122</b>
As at 31.12.2019	<b>1,032,276,575</b>	<b>23,187,888,961</b>	<b>24,220,165,536</b>

Historical cost of fully depreciated tangible fixed assets but still in use as at 31 December 2019 was VND38,231,696,706 (as at 31 December 2018: VND36,110,470,869).

The Company had no tangible fixed assets awaiting disposal as at 31 December 2019.

As at 31 December 2019, the Company had no outstanding commitments to purchase/sale of tangible fixed assets.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**3.7 Fixed assets (continued)**

**(b) Intangible fixed assets**

**Computer software  
VND**

**Historical cost**

As at 1.1.2019	64,392,294,363
New purchases	2,264,358,000
Transfers from construction in progress (Note 3.7(c))	2,933,475,655
As at 31.12.2019	<b>69,590,128,018</b>

**Accumulated amortisation**

As at 1.1.2019	41,035,398,948
Charge for the year	10,885,464,778
As at 31.12.2019	<b>51,920,863,726</b>

**Net book value**

As at 1.1.2019	<b>23,356,895,415</b>
As at 31.12.2019	<b>17,669,264,292</b>

Historical cost of fully amortised intangible fixed assets but still in use as at 31 December 2019 was VND29,835,153,028 (as at 31 December 2018: VND28,861,336,978).

The Company had no intangible fixed asset awaiting disposal as at 31 December 2019.

As at 31 December 2019, the Company had no outstanding commitments to purchase/sale of intangible fixed assets.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**3.7 Fixed assets (continued)**

**(c) Construction in progress**

Construction in progress comprises the following:

	<b>As at</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Purchases of trading software	13,597,128,282	4,447,220,550

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

	<b>Year ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Opening balance	4,447,220,550	6,851,041,776
Increase	16,918,536,897	4,687,301,337
Transfer to tangible fixed assets (Note 3.7(a))	(4,835,153,510)	(894,311,990)
Transfer to intangible fixed assets (Note 3.7(b))	(2,933,475,655)	(6,196,810,573)
<b>Closing balance</b>	<b>13,597,128,282</b>	<b>4,447,220,550</b>

**3.8 Long-term prepaid expenses**

	<b>As at</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Office rentals	86,870,726,211	89,703,467,288
Office renovations	6,674,971,837	5,803,432,315
Consulting fee	5,090,746,989	-
IT costs	2,319,039,745	4,666,659,325
<b>Total</b>	<b>100,955,484,782</b>	<b>100,173,558,928</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**3.9 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 2019 and as at 31 December 2018, the Company fully contributed the maximum amount.

**3.10 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**3.11 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> (i)					
Local bank borrowings	4.0 - 8.0	1,350,000,000,000	13,742,400,000,000	(13,873,400,000,000)	1,219,000,000,000
Foreign bank borrowings (*), (**)	LIBOR + 2	-	1,159,975,000,000	-	1,159,975,000,000
Bank overdrafts	6.8 - 8.0	204,132,323,195	16,102,145,032,398	(16,291,525,120,338)	14,752,235,255
		<b>1,554,132,323,195</b>	<b>31,004,520,032,398</b>	<b>(30,164,925,120,338)</b>	<b>2,393,727,235,255</b>
<b>Issued bonds</b>					
Private issue in accordance with Resolution No. 10/2018 (ii)	7.0	150,000,000,000	-	(150,000,000,000)	-
		<b>150,000,000,000</b>	<b>-</b>	<b>(150,000,000,000)</b>	<b>-</b>
<b>Total</b>		<b>1,704,132,323,195</b>	<b>31,004,520,032,398</b>	<b>(30,314,925,120,338)</b>	<b>2,393,727,235,255</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)****3.11 Borrowings and issued bonds (continued)**

- (i) Short-term borrowings have maturities from 1 month to 364 days and are used to supplement working capital. Value of short-term collateral assets for these borrowings as at 31 December 2019 was VND5,076,066,048,263 (as at 31 December 2018: VND 4,019,260,933,454).
- (\*) 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 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.
- (ii) These are bonds issued according to the Board of Directors' Resolution No. 10/2018/NQ-HĐQT dated 12 April 2018, details are as follows:
- Type of bond: unlisted bond, non-convertible and unsecured
  - Issue price: at par value VND1 billion/bond
  - Coupon rate: 7% - 8.15% per annum. The coupon rate is fixed for maximum first 6 months, then subject to negotiation between the Company and bondholders but shall not exceed 10% per annum.
  - Maturity: 2 years
  - Early termination: after fixed-coupon period, both the Company and the bondholders reserve the right to redeem/call the issued bonds before their maturities, whether in full in part. Interest rate in such cases shall be applied in accordance with the bonds' terms and conditions and applicable contractual documents.
  - Repayment: principals and interests are repaid once at maturity.
  - Designated bondholders: investment funds

The Company had no borrowings from related parties as at 31 December 2019 and as at 31 December 2018.

As at 31 December 2019 and 31 December 2018, there was no balance of borrowings that was past due but not yet settled.

As at 31 December 2019 and 31 December 2018, there was no doubt on the Company's ability to repay these borrowings.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**3.12 Trading obligations**

	<b>As at</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Advances from investors for securities purchases	455,507,692,520	226,450,317,590
Covered warrant payables (Note 5.2)	14,266,498,303	-
Trading settlement balances with the stock exchanges	7,714,529,000	83,159,390,391
Payables to stock exchanges and VSD	6,478,153,144	6,026,789,270
Others	3,837,874,466	655,800
<b>Total</b>	<b>487,804,747,433</b>	<b>315,637,153,051</b>

As at 31 December 2019 and as at 31 December 2018, there were no payables past due but not yet settled.

As at 31 December 2019 and as at 31 December 2018, there was no doubt on the Company's ability to repay these balances.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**3.13 Tax and other payables to the State**

	<b>As at 1.1.2019 VND</b>	<b>Incurred during the year VND</b>	<b>Paid during the year VND</b>	<b>As at 31.12.2019 VND</b>
BIT – current	16,684,859,800	97,562,452,910	(90,420,756,280)	23,826,556,430
Personal income tax withheld and paid on behalf of investors	11,199,027,876	90,898,880,986	(94,422,920,240)	7,674,988,622
BIT withheld and paid on behalf of foreign institutions	3,250,876,181	46,652,073,886	(46,536,929,031)	3,366,021,036
Foreign contractor withholding tax	338,263,079	6,830,870,890	(6,525,788,665)	643,345,304
Personal income tax withheld and paid on behalf of employees	2,341,828,338	52,655,444,227	(52,743,206,523)	2,254,066,042
Value added tax	199,892,112	5,573,004,194	(5,600,531,695)	172,364,611
Business licence tax	-	12,000,000	(12,000,000)	-
<b>Total</b>	<b>34,014,747,386</b>	<b>300,184,727,093</b>	<b>(296,262,132,434)</b>	<b>37,937,342,045</b>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**3.14 Short-term accrued expenses**

	As at	
	31.12.2019 VND	31.12.2018 VND
Allowance for working performance	35,000,000,000	45,000,000,000
Interest expenses	12,947,945,342	3,953,633,544
Others	8,750,384,920	9,396,348,291
<b>Total</b>	<b>56,698,330,262</b>	<b>58,349,981,835</b>

**3.15 Other short-term liabilities**

	As at	
	31.12.2019 VND	31.12.2018 VND
Dividends payable to shareholders	155,070,718,509	5,097,667,994
<i>Dividends of previous years (*)</i>	2,316,782,009	5,097,667,994
<i>1st dividends of the year 2019</i>	152,753,936,500	-
Additional shares issued	9,460,360,000	-
Business development expenses payables	6,062,313,897	19,288,313,897
Board of Directors' operating fund	3,274,017,325	901,542,042
Dividends paid on behalf	2,864,711,582	2,507,431,082
Others	8,111,085,656	3,676,114,043
<b>Total</b>	<b>184,843,206,969</b>	<b>31,471,069,058</b>

(\*) Some shareholders have not yet completed their dividend claim forms, as a result there were unpaid dividends as at the reporting dates.

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

As at 31 December 2019 and as at 31 December 2018, there was no doubt on the Company's ability to repay these balances.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**3.16 Deferred income tax**

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

	<b>As at</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Deferred tax assets recoverable within 12 months	280,383,984	1,558,791,879
Deferred tax liabilities payable within 12 months	-	-
<b>Total</b>	<b>280,383,984</b>	<b>1,558,791,879</b>

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

	<b>Year ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Opening balance	1,558,791,879	(15,042,694,266)
Charged to profit or loss	(1,278,407,895)	(914,579,482)
Recognised directly in equity	-	17,516,065,627
<b>Closing balance</b>	<b>280,383,984</b>	<b>1,558,791,879</b>

Details of deferred income tax assets are as below:

	<b>As at</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Deductible temporary differences:		
Provisions for impairment of overdue margin loans	1,401,919,920	7,793,959,395
At tax rate of 20%:		
Deferred tax assets:	280,383,984	1,558,791,879

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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**3.17 Owners' capital**

**(a) Number of shares**

	<b>As at</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
Number of shares registered	305,882,263	129,756,758
Number of shares issued	305,882,263	129,756,758
Number of shares repurchased	(366,090)	(202,590)
<b>Number of shares in issue</b>	<b>305,516,173</b>	<b>129,554,168</b>

As at 31 December 2019 and as at 31 December 2018, 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.

**(b) Movement of share capital**

	<b>Ordinary shares</b>
As at 1 January 2018	129,570,368
New shares issued	-
Treasury shares repurchased	(16,200)
As at 31 December 2018	<b>129,554,168</b>
New shares issued	176,125,505
Treasury shares repurchased	(163,500)
<b>As at 31 December 2019</b>	<b>305,516,173</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.18 Undistributed earnings

	As at	
	31.12.2019 VND	31.12.2018 VND
Realised post-tax profits	633,772,960,412	1,223,955,850,562
Unrealised losses	(48,293,141,097)	(51,912,100,550)
<b>Total</b>	<b>585,479,819,315</b>	<b>1,172,043,750,012</b>

Movements in undistributed earnings during the year are as follows:

	As at 31.12.2018 VND	Profit for the year VND	Dividend declared VND	Appropriation to reserves VND	Capital increase from equity VND	As at 31.12.2019 VND
Realised post-tax profits	1,223,955,850,562	428,945,958,924	(398,627,555,700)	(87,162,701,873)	(533,338,591,501)	633,772,960,412
Unrealised (losses)/gains	(51,912,100,550)	3,618,959,453	-	-	-	(48,293,141,097)
<b>Undistributed earnings</b>	<b>1,172,043,750,012</b>	<b>432,564,918,377</b>	<b>(398,627,555,700)</b>	<b>(87,162,701,873)</b>	<b>(533,338,591,501)</b>	<b>585,479,819,315</b>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**4 NOTES TO OFF STATEMENT OF FINANCIAL POSITION ITEMS**

**4.1 Bad debts written off**

	<b>As at</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Other receivables	345,059,000	345,059,000

**4.2 Foreign currencies**

Included in cash and cash equivalents are balances held in foreign currencies (in original currency) as follows:

	<b>As at</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
United States Dollar	1,899.62	5,176.74
Japanese Yen	241,915	241,915
Singapore Dollar	844	590
British Pound	1,594.70	100.00
New Taiwan Dollar	3,200	3,200
Canadian Dollar	100	100
Malaysian Ringgit	750	750

**4.3 Number of shares in issue**

	<b>As at</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
<b>Ordinary shares</b>		
Quantity issued within 1 year (share)	176,125,505	-
Quantity issued for 1 year or more (share)	129,390,668	129,554,168
<b>Total</b>	<b>305,516,173</b>	<b>129,554,168</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**4 NOTES TO OFF STATEMENT OF FINANCIAL POSITION ITEMS (continued)**

**4.4 Covered warrants authorised but not yet issued**

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
FPT-HSC-MET01	FPT Corporation	08.10.2019	08.04.2020	5,000,000	2,580,050	2,419,950
MBB-HSC-MET02	Military Commercial Joint Stock Bank	08.10.2019	08.04.2020	5,000,000	4,781,620	218,380
MWG-HSC-MET02	Mobile World Investment Corporation	08.10.2019	08.04.2020	5,000,000	5,000,000	-
VNM-HSC-MET01	Vietnam Dairy Products Joint Stock Company	08.10.2019	08.04.2020	5,000,000	1,473,760	3,526,240
VRE-HSC-MET01	Vincom Retail Joint Stock Company	08.10.2019	08.04.2020	5,000,000	1,029,570	3,970,430
VNM-HSC-MET02	Vietnam Dairy Products Joint Stock Company	20.12.2019	22.06.2020	5,000,000	10,000	4,990,000
REE-HSC-MET01	Refrigeration Electrical Engineering Corporation	20.12.2019	22.06.2020	5,000,000	20,000	4,980,000
VPB-HSC-MET01	Vietnam Prosperity Joint-Stock Commercial Bank	20.12.2019	22.06.2020	5,000,000	-	5,000,000
TCB-HSC-MET01	Technological and Commercial Joint Stock Bank	20.12.2019	22.06.2020	5,000,000	-	5,000,000
MWG-HSC-MET03	Mobile World Investment Corporation	20.12.2019	22.06.2020	5,000,000	-	5,000,000
MBB-HSC-MET03	Military Commercial Joint Stock Bank	20.12.2019	22.06.2020	5,000,000	-	5,000,000
GMD-HSC-MET01	Gemadept Corporation	20.12.2019	22.06.2020	5,000,000	-	5,000,000
FPT-HSC-MET02	FPT Corporation	20.12.2019	22.06.2020	5,000,000	-	5,000,000
VRE-HSC-MET02	Vincom Retail Joint Stock Company	20.12.2019	22.06.2020	5,000,000	-	5,000,000
HPG-HSC-MET01	Hoa Phat Group Joint Stock Company	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>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**4 NOTES TO OFF STATEMENT OF FINANCIAL POSITION ITEMS (continued)**

**4.5 Futures**

Futures positions which are still open as at reporting date are as follows:

Contract symbol	First trading date	Last trading date	As at 31.12.2019			As at 31.12.2018		
			Open quantity	Closing settlement price	Open short position	Open quantity	Closing settlement price	Open short position
VN30F2001	22/11/2019	16/01/2020	434	876,300	38,031,420,000	-	-	-
VN30F1901	16/11/2018	17/01/2019	-	-	-	6,642	855,000	567,891,000,000
					<u>38,031,420,000</u>			<u>567,891,000,000</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**5 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**5.1 Net realised gains on disposal of FVTPL financial assets and redemption/expiry of covered warrants**

	<b>For the year ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Realised gains on disposal of FVTPL financial assets	390,930,734,954	858,463,794,818
<i>In which:</i>		
<i>Underlying securities</i>	121,453,197,314	400,473,436,818
<i>Derivatives</i>	257,769,953,000	457,990,358,000
<i>Covered warrants redeemed</i>	7,075,212,520	-
<i>Covered warrants expired</i>	4,632,372,120	-
Realised losses on disposal of FVTPL financial assets	(300,506,423,395)	(662,889,080,398)
<i>In which:</i>		
<i>Underlying securities</i>	(149,995,875,538)	(376,885,661,398)
<i>Derivatives</i>	(146,448,756,000)	(286,003,419,000)
<i>Covered warrants redeemed</i>	(4,061,791,857)	-
<b>Net realised gains</b>	<b>90,424,311,559</b>	<b>195,574,714,420</b>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**5 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**5.1 Net realised gains on disposal of FVTPL financial assets and redemption/expiry of covered warrants (continued)**

Details by category are as follows:

	Quantity disposed	Sales proceeds VND	Costs of disposal (*) VND	Realised (losses)/gains during the year VND	Realised gains in prior year VND
Shares	227,194,347	9,678,331,292,598	(9,692,777,915,283)	(14,446,622,685)	(3,897,537,952)
Bonds	8,285,674	844,450,384,439	(843,464,430,628)	985,953,811	226,357,847
ETF certificates	203,618,380	3,007,535,659,922	(3,021,826,478,824)	(14,290,818,902)	27,258,955,525
Covered warrants	2,075,390	12,415,342,460	(13,206,532,908)	(791,190,448)	-
Realised (losses)/gains on disposal of underlying securities	441,173,791	13,542,732,679,419	(13,571,275,357,643)	(28,542,678,224)	23,587,775,420
Net position gains from future contracts				111,321,197,000	171,986,939,000
Gain on redemption of covered warrants issued by the Company				3,013,420,663	-
Gain upon expiry of covered warrants issued by the Company				4,632,372,120	-
<b>Total</b>				<b>90,424,311,559</b>	<b>195,574,714,420</b>

(\*) Costs are determined using the weighted average method up to the end of trading dates.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**5 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**5.2 Gains/(losses) from revaluation of FVTPL financial assets and covered warrants**

	<b>For the year ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Decrease in revaluation gains of FVTPL financial assets	(3,308,332,184)	(35,012,239,201)
Increase on revaluation losses of FVTPL financial assets	516,964,050	12,772,740,741
<b>Total</b>	<b>(2,791,368,134)</b>	<b>(22,239,498,460)</b>

Details of gains/(losses) from revaluation of FVTPL financial assets by category are as follows:

	<b>Cost</b>	<b>Market value/ fair value</b>	<b>Accumulated revaluation gains/(losses) as at 31.12.2019</b>	<b>Accumulated revaluation gains/(losses) as at 31.12.2018</b>	<b>(Debited)/credited to profit or loss of the statement of comprehensive income</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Listed shares and shares traded on UPCoM	360,948,994,027	321,227,493,648	(39,721,500,379)	(36,683,064,845)	(3,038,435,534)
Unlisted and unregistered shares	19,009,000,000	4,833,498,000	(14,175,502,000)	(14,175,502,000)	-
Underlying assets designated as hedges for covered warrants	74,115,366,734	73,306,695,400	(808,671,334)	-	(808,671,334)
Listed bond	500,989,500,000	500,989,500,000	-	-	-
Unlisted bonds	386,124,240,000	386,124,240,000	-	-	-
ETF certificates	149,232,571	151,437,600	2,205,029	(1,053,533,705)	1,055,738,734
<b>Total</b>	<b>1,341,336,333,332</b>	<b>1,286,632,864,648</b>	<b>(54,703,468,684)</b>	<b>(51,912,100,550)</b>	<b>(2,791,368,134)</b>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**5 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**5.2 Gains/(losses) from revaluation of FVTPL financial assets and covered warrants (continued)**

	<b>For the year ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Decrease in revaluation of covered warrants (income)	6,410,987,587	-
Increase on revaluation of covered warrants (expenses)	(660,000)	-
<b>Total</b>	<b>6,410,327,587</b>	<b>-</b>

Details of revaluation of covered warrants are as follows:

	<b>Cost</b>	<b>Market value/ fair value</b>	<b>Accumulated revaluation as at 31.12.2019</b>	<b>Accumulated revaluation as at 31.12.2018</b>	<b>Credited to profit or loss</b>
	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>	<b>VND</b>
Covered warrants	20,676,825,890	14,266,498,303	(6,410,327,587)	-	(6,410,327,587)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**5 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**5.3 Dividends and interest income from financial assets**

	For the year ended	
	31.12.2019 VND	31.12.2018 VND
Dividends	10,302,309,634	4,462,800,106
Interest	118,107,556,142	100,545,887,776
<b>Total</b>	<b>128,409,865,776</b>	<b>105,008,687,882</b>

**5.4 Provisions for doubtful debts, impairments of financial assets and diminution in value of mortgages and borrowing costs**

	For the year ended	
	31.12.2019 VND	31.12.2018 VND
Reversal of provision for impairment loss of financial assets and mortgages (Note 3.3)	(23,573,148,070)	(10,057,879,220)
Interest expense	137,256,059,537	165,938,942,394
	<b>113,682,911,467</b>	<b>155,881,063,174</b>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**5.5 Operating expenses not related to financial assets**

Operating expenses include direct expenses and allocated expenses, details are as follows:

	For the year ended	
	31.12.2019 VND	31.12.2018 VND
<b>Proprietary trading activities</b>	<b>78,706,309,030</b>	<b>87,578,216,751</b>
Staff costs	26,243,482,272	43,740,768,981
Office rental expenses	18,155,093,721	17,255,944,881
Outsourcing expenses	14,359,755,810	12,539,969,572
Depreciation and amortisation	4,993,112,230	4,003,700,653
Others	14,954,864,997	10,037,832,664
<b>Brokerage fee expenses</b>	<b>326,959,927,736</b>	<b>431,738,308,494</b>
Staff costs	151,614,817,242	216,628,440,378
Brokerage fee	103,580,531,255	158,121,138,021
Office rental expenses	24,544,758,019	21,008,010,567
Outsourcing expenses	20,783,113,209	17,141,395,804
Depreciation and amortisation	7,187,371,280	5,356,862,376
Others	19,249,336,731	13,482,461,348
<b>Custody service expenses</b>	<b>8,102,665,080</b>	<b>10,276,510,005</b>
Custody service	8,102,665,080	10,276,510,005
<b>Financial consultancy service expenses</b>	<b>16,242,652,044</b>	<b>21,555,635,774</b>
Staff costs	16,242,652,044	21,398,146,776
Others	-	157,488,998
<b>Other operating expenses</b>	<b>455,955,784</b>	<b>1,395,644,586</b>
Depreciation and amortisation	35,852,183	79,432,283
Others	420,103,601	1,316,212,303
	<b>430,467,509,674</b>	<b>552,544,315,610</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**5.6 General and administration expenses**

	<b>For the year ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Staff costs	110,653,787,607	100,543,567,890
Outsourcing expenses	32,497,259,578	21,123,606,179
Depreciation and amortisation	12,501,438,521	10,841,170,058
Office rental expenses	10,709,912,296	8,716,252,467
Office tools and supplies	1,775,449,633	1,578,940,324
Tax and other fees	538,352,181	759,745,067
Other administrative expenses	18,123,267,312	7,938,643,174
<b>Total</b>	<b>186,799,467,128</b>	<b>151,501,925,159</b>

**5.7 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:

	<b>For the year ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Accounting profit before tax	531,405,779,182	842,185,654,984
Tax calculated at a rate of 20%:	106,281,155,836	168,437,130,997
Adjustment:		
Non-taxable income	(7,689,671,031)	(2,904,135,865)
Non-deductible expenses	249,376,000	1,172,505,480
<b>BIT charge (*)</b>	<b>98,840,860,805</b>	<b>166,705,500,612</b>
Charged to profit or loss:		
BIT – current	97,562,452,910	165,790,921,130
BIT – deferred	1,278,407,895	914,579,482
<b>Total</b>	<b>98,840,860,805</b>	<b>166,705,500,612</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 THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**5 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**5.8 Earnings per share**

**(a) 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.

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. For comparability purpose, the corresponding amount of prior year was not deducted by the amounts appropriated to bonus and welfare funds, neither.

	<b>For the year ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018 Restated (*)</b>
Net profit after tax attributable to ordinary shareholders (VND)	432,564,918,377	675,480,154,372
Weighted average number of ordinary shares in issue (shares)	270,966,767	215,934,925
Basic earnings per share (VND/share)	<b>1,596</b>	<b>3,128</b>

- (\*) Basic earnings per share for the year ended 31 December 2018 was restated to reflect the impact of capital increase from equity in May 2019 (Note 7.1(iii)) on weighted average number of shares in issue, in particular:

<b>Items</b>	<b>For the year ended 31.12.2018</b>		
	<b>Previously reported</b>	<b>Adjustment</b>	<b>Restated</b>
Net profit after tax attributable to ordinary shareholders (VND)	675,480,154,372		675,480,154,372
Weighted average number of ordinary shares in issue (shares)	129,561,679	86,373,246	215,934,925
Basic earnings per share (VND/share)	<b>5,214</b>		<b>3,128</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**5 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)**

**5.8 Earnings per share (continued)**

**(a) Basic earnings per share (continued)**

If the basic earnings per share for the fiscal year ended 31 December 2018 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 No. 01/2019/NQ-ĐHĐCĐ April 25, 2019, the figures will be changed as follows:

Items	For the year ended 31.12.2018		
	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)	675,480,154,372	(43,906,210,035)	631,573,944,337
Weighted average number of ordinary shares in issue (shares)	215,934,925		215,934,925
Basic earnings per share (VND/share)	<u><u>3,128</u></u>		<u><u>2,925</u></u>

**(b) Diluted earnings per share**

The Company did not have potentially diluted ordinary shares during the year.

**6 NOTES TO THE STATEMENT OF CASH FLOWS**

**6.1 Major non-cash transactions affecting the statement of cash flows**

	31.12.2019 VND	31.12.2018 VND
Dividend declared but not yet paid (Note 3.15)	155,070,718,509	5,097,667,994
Capital increase from equity		
Appropriation from share premium	330,426,798,499	-
Appropriation from undistributed earnings	533,338,591,501	-
Appropriation to bonus and welfare funds	34,004,250,000	-



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**6 NOTES TO THE STATEMENT OF CASH FLOWS (continued)**

**6.2 Proceeds from share issuances**

	Issued amount VND	Non-cash transactions			Net proceeds from issuance of shares VND
		Appropriation from share premium VND	Appropriation from undistributed earnings VND	Appropriation from bonus and welfare funds VND	
Capital increase from equity (Note 7.1(iii))	863,682,390,000	(330,343,798,499)	(533,338,591,501)	-	-
Share issue under ESOP program (Note 7.1(iv))	90,678,000,000	-	-	(34,004,250,000)	56,673,750,000
Share issue to existing shareholders (Note 7.1(v))	1,165,923,724,000	-	-	-	1,165,923,724,000
Issuance fee	-	(83,000,000)	-	-	(83,000,000)
<b>Total</b>	<b>2,120,284,114,000</b>	<b>(330,426,798,499)</b>	<b>(533,338,591,501)</b>	<b>(34,004,250,000)</b>	<b>1,222,514,474,000</b>

**6.3 Proceeds from borrowings**

Proceeds from borrowings are bank overdrafts, loan drawdowns and proceeds from issuance of short-term bonds (Note 3.11).

**6.4 Repayments of principals of borrowings**

Repayments of borrowings are bank overdrafts repayments, loan repayments and bonds repayments (Note 3.11).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**7 NOTES TO THE STATEMENT OF CHANGES IN EQUITY**

**7.1 Details of changes in equity**

		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 1.1.2019</b>		1,297,567,580,000	330,343,798,499	(2,893,857,008)	129,756,758,000	129,756,758,000	3,961,374,994	1,172,043,750,012	<b>3,060,536,162,497</b>
Post-tax profit for the year		-	-	-	-	-	-	432,564,918,377	<b>432,564,918,377</b>
Final dividend of the year 2018	(i)	-	-	-	-	-	-	(245,873,619,200)	<b>(245,873,619,200)</b>
First dividend of the year 2019	(ii)	-	-	-	-	-	-	(152,753,936,500)	<b>(152,753,936,500)</b>
Appropriation to bonus and welfare funds	(i)	-	-	-	-	-	-	(33,774,007,719)	<b>(33,774,007,719)</b>
Appropriation to operation fund of Board of Directors	(i)	-	-	-	-	-	-	(10,132,202,316)	<b>(10,132,202,316)</b>
Appropriation to statutory reserves		-	-	-	21,628,245,919	21,628,245,919	-	(43,256,491,838)	-
Capital increase from equity	(iii)	863,682,390,000	(330,343,798,499)	-	-	-	-	(533,338,591,501)	-
Issue under ESOP 2018 program	(iv)	64,770,000,000	25,908,000,000	-	-	-	-	-	<b>90,678,000,000</b>
New shares issue	(v)	832,802,660,000	333,121,064,000	-	-	-	-	-	<b>1,165,923,724,000</b>
Issuance fee		-	(83,000,000)	-	-	-	-	-	<b>(83,000,000)</b>
Share repurchases		-	-	(2,943,000,000)	-	-	-	-	<b>(2,943,000,000)</b>
<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 FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**7 NOTES TO THE STATEMENT OF CHANGES IN EQUITY (continued)**

**7.1 Details of changes in equity (continued)**

	Share capital VND	Share premium VND	Treasury shares VND	Revaluation reserve VND	Supplementary capital reserve VND	Financial risk and operation reserve VND	Other equity funds VND	Undistributed earnings VND	Total VND
<b>As at 1.1.2018</b>	1,297,567,580,000	330,343,798,499	(2,602,257,008)	70,064,262,508	129,756,758,000	129,756,758,000	3,961,374,994	832,312,877,270	<b>2,791,161,152,263</b>
Post-tax profit for the year	-	-	-	-	-	-	-	675,480,154,372	<b>675,480,154,372</b>
Appropriation to bonus and welfare funds (vi)	-	-	-	-	-	-	-	(55,405,916,374)	<b>(55,405,916,374)</b>
Appropriation to operation fund of Board of Directors (vi)	-	-	-	-	-	-	-	(8,310,887,456)	<b>(8,310,887,456)</b>
Final dividend of the year 2017 (vi)	-	-	-	-	-	-	-	(194,299,977,000)	<b>(194,299,977,000)</b>
Share repurchases	-	-	(291,600,000)	-	-	-	-	-	<b>(291,600,000)</b>
Reclassification to profit or loss upon disposal	-	-	-	(70,064,262,508)	-	-	-	-	<b>(70,064,262,508)</b>
Dividend declared for the year 2018 (vii)	-	-	-	-	-	-	-	(77,732,500,800)	<b>(77,732,500,800)</b>
<b>As at 31.12.2018</b>	<b>1,297,567,580,000</b>	<b>330,343,798,499</b>	<b>(2,893,857,008)</b>	<b>-</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>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****7 NOTES TO THE STATEMENT OF CHANGES IN EQUITY (continued)****7.1 Details of changes in equity (continued)**

- (i) According to the Resolution of the Annual General Meeting of shareholders on 25 April 2019:
- 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;
  - Final dividend of the year 2018 was 19% of chartered capital of VND1,297,567,580,000, equivalent to VND1,900/share.
  - Planned dividend of the year 2019 was 15% of par value, equivalent to VND1,500/share.
- (ii) 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).
- (iii) According to the Shareholders' Resolution No. 02/2018/NQ-ĐHCHĐ dated 22 October 2018, shareholders voted and approved the capital increase from equity at a ratio of 3 : 2 (a shareholder owing 3 shares as at closing date is entitled to 2 new shares). Number of shares entitled would be round 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.
- (iv) Following the Shareholders' Resolution No. 02/2018/NQ-ĐHCHĐ 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 difference between issue price of VND14,000 and 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****7 NOTES TO THE STATEMENT OF CHANGES IN EQUITY (continued)****7.1 Details of changes in equity (continued)**

- (v) 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 round down to the unit so that the decimal fraction would be cancelled. The right to take up new shares is transferrable only once. The Board of Directors was authorised to distribute remaining shares that 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 difference between 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.
- (vi) According to the Resolution of the Annual General Meeting of shareholders on 26 April 2018:
- 10% of post-tax profit for the year 2017 was appropriated to bonus and welfare funds;
  - 1.5% of post-tax profit for the year 2017 was appropriated to operation fund of Board of Directors;
  - Final dividend of the year 2017 was 15% of chartered capital of VND1,297,567,580,000, equivalent to VND1,500/share.
- (vii) According to authorisation of Annual General Meeting of Shareholders on 26 April 2018, on 15 November 2018, the Board of Directors had advanced the interim dividend of the year 2018 in cash at 6% of par value, equivalent to VND600/share.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**7 NOTES TO THE STATEMENT OF CHANGES IN EQUITY (continued)**

**7.2 Distributed earnings**

	For the year ended	
	31.12.2019 VND	31.12.2018 VND
Undistributed earnings brought forward	1,223,955,850,562	861,985,479,360
Accumulated unrealised losses	(48,293,141,097)	(51,912,100,550)
Realised profit incurred in the year	428,945,958,924	697,719,652,832
Appropriations from undistributed earnings:	(620,501,293,374)	(63,716,803,830)
<i>To share capital</i>	(533,338,591,501)	-
<i>To bonus and welfare funds</i>	(33,774,007,719)	(55,405,916,374)
<i>To operation fund of Board of Directors</i>	(10,132,202,316)	(8,310,887,456)
<i>To supplementary capital reserve</i>	(21,628,245,919)	-
<i>To financial and operational risk reserve fund</i>	(21,628,245,919)	-
Distributable profits	<b>984,107,375,015</b>	<b>1,444,076,227,812</b>
Dividend declared	398,627,555,700	272,032,477,800
Income tax withheld	(2,756,753,675)	(1,412,458,875)
Net amount distributed to shareholders	<b>395,870,802,025</b>	<b>270,620,018,925</b>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**8 RELATED PARTIES DISCLOSURES**

Identified related parties and relationships are presented below:

<b>Related party</b>	<b>Relationship</b>
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.
Ho Chi Minh City Finance and Investment State-owned Company (HFIC)	The Company's member of the Board of Directors is representative for DC's shares. Strategic shareholder, holding 28.61% of charter capital. Two members of the Board of Directors are Deputy General Director and Head of Investment Department at HFIC.
Board of Directors and Board of Management	Key management

**(a) Related parties transactions**

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

	<b>For the year ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
<b>Dragon Capital Markets Limited (DC)</b>		
Brokerage service - sales	153,552,000,000	321,120,255,600
Brokerage fee income	-	240,840,192
Dividend paid	120,455,017,000	106,052,787,000
<b>Ho Chi Minh City Finance and Investment State-owned Company (HFIC)</b>		
Dividend paid	115,000,000,000	101,250,000,000
<b>Compensation of key management</b>		
Gross salaries and other benefits	32,097,803,791	32,037,000,957

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**8 RELATED PARTIES DISCLOSURES (continued)**

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

	<b>As at</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
<b>Dragon Capital Markets Limited (DC)</b>		
Dividend payable	45,825,278,000	-
<b>Ho Chi Minh City Finance and Investment State-owned Company (HFIC)</b>		
Dividend payable	43,750,000,000	
Deposits for securities trading	25,083,088	25,007,904

**9 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.

**(a) 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.

**(b) 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**9 SEGMENT REPORTING (continued)**

**(b) Business activity segments**

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 (*)	488,070,973,384	522,443,256,133	495,988,943,636	53,627,870,462	1,560,131,043,615
Expenses	(335,518,548,600)	(378,696,428,375)	(113,682,911,467)	(16,242,652,044)	(844,140,540,486)
<i>In which:</i>					
<i>Direct cash expenses</i>	(289,476,046,959)	(363,411,776,852)	(137,256,059,537)	(16,242,652,044)	(806,386,535,392)
<i>Total amount of significant non-cash     expenses, other than depreciation,     amortisation and allocation of     prepaid expenses</i>	-	516,304,050	23,573,148,070	-	24,089,452,120
<i>Total depreciation and amortisation of     fixed assets</i>	(7,223,223,463)	(4,993,112,230)	-	-	(12,216,335,693)
<i>Allocation of long-term and short-term     prepaid expenses</i>	(38,819,278,178)	(10,807,843,343)	-	-	(49,627,121,521)
Segment result	<u>152,552,424,784</u>	<u>143,746,827,758</u>	<u>382,306,032,169</u>	<u>37,385,218,418</u>	<u>715,990,503,129</u>
Net financial income					2,119,729,545
Net other income					95,013,636
General and administration expenses					(186,799,467,128)
Operating result					<u>531,405,779,182</u>

(\*) All of revenues are from services rendered to external customers, and all of income is generated from transactions with external partners.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**9 SEGMENT REPORTING (continued)**

**(b) Business activity segments (continued)**

Income and expenses based on the Company's business activity segments are as follows:

	For the year ended 31 December 2018				
	Brokerage and services VND	Proprietary trading VND	Lending VND	Consultancy VND	Total VND
Revenue and income (*)	779,075,139,587	928,460,243,499	523,064,352,711	119,216,643,588	<b>2,349,816,379,385</b>
Expenses	(443,410,463,085)	(737,694,556,408)	(155,881,063,174)	(21,555,635,774)	<b>(1,358,541,718,441)</b>
<i>In which:</i>					
<i>Direct cash expenses</i>	(409,892,286,680)	(731,643,726,891)	(155,881,063,174)	(21,555,635,774)	<b>(1,318,972,712,519)</b>
<i>Total amount of significant non-cash     expenses, other than depreciation,     amortisation and allocation of     prepaid expenses</i>	-	12,772,740,741	-	-	<b>12,772,740,741</b>
<i>Total depreciation and amortisation of     fixed assets</i>	(5,436,294,659)	(4,003,700,653)	-	-	<b>(9,439,995,312)</b>
<i>Allocation of long-term and short-term     prepaid expenses</i>	(28,081,881,746)	(14,819,869,605)	-	-	<b>(42,901,751,351)</b>
Segment result	<u>335,664,676,502</u>	<u>190,765,687,091</u>	<u>367,183,289,537</u>	<u>97,661,007,814</u>	<b><u>991,274,660,944</u></b>
Net financial income					<b>2,310,619,199</b>
Net other income					<b>102,300,000</b>
General and administration expenses					<b>(151,501,925,159)</b>
Operating result					<b><u>842,185,654,984</u></b>

(\*) All of revenues are from services rendered to external customers, and all of income is generated from transactions with external partners.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**9 SEGMENT REPORTING (continued)**

**(b) Business activity segments (continued)**

Assets and liabilities based on the Company's business activity segments are as follows:

	As at 31 December 2019					
	Brokerage and services VND	Proprietary trading VND	Lending VND	Consultancy VND	Unallocated VND	Total VND
Segment assets	458,588,685,137	1,296,946,396,115	5,666,824,853,957	2,426,071,426	-	7,424,786,006,635
Unallocated assets	-	-	-	-	63,892,622,713	63,892,622,713
<b>Total assets</b>	<u>458,588,685,137</u>	<u>1,296,946,396,115</u>	<u>5,666,824,853,957</u>	<u>2,426,071,426</u>	<u>63,892,622,713</u>	<u>7,488,678,629,348</u>
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)
<b>Total liabilities</b>	<u>(491,960,004,500)</u>	<u>-</u>	<u>(2,406,675,180,597)</u>	<u>-</u>	<u>(285,900,405,112)</u>	<u>(3,184,535,590,209)</u>
Total expense incurred for purchases of fixed assets	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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**9 SEGMENT REPORTING (continued)**

**(b) Business activity segments (continued)**

Assets and liabilities based on the Company's business activity segments are as follows:

	As at 31 December 2018					
	Brokerage and services VND	Proprietary trading VND	Lending VND	Consultancy VND	Unallocated VND	Total VND
Segment assets	871,838,164,168	965,722,873,111	3,375,423,227,786	3,531,711,189	-	5,216,515,976,254
Unallocated assets	-	-	-	-	39,789,350,927	39,789,350,927
<b>Total assets</b>	<u>871,838,164,168</u>	<u>965,722,873,111</u>	<u>3,375,423,227,786</u>	<u>3,531,711,189</u>	<u>39,789,350,927</u>	<u>5,256,305,327,181</u>
Segment liabilities	(328,500,415,674)	-	(1,708,085,956,739)	-	-	(2,036,586,372,413)
Unallocated liabilities	-	-	-	-	(159,182,792,271)	(159,182,792,271)
<b>Total liabilities</b>	<u>(328,500,415,674)</u>	<u>-</u>	<u>(1,708,085,956,739)</u>	<u>-</u>	<u>(159,182,792,271)</u>	<u>(2,195,769,164,684)</u>
Total expense incurred for purchases of fixed assets	16,605,178,370	4,191,641,551	-	153,780,000	8,746,117,620	29,696,717,541
Segment assets	16,605,178,370	4,191,641,551	-	153,780,000	-	20,950,599,921
Unallocated assets	-	-	-	-	8,746,117,620	8,746,117,620



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**10 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.

**(a) 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:

	<b>As at</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Cash at bank (Note 3.1)	837,260,689,806	117,117,216,438
Security deposits for covered warrants issued (Note 3.1)	69,000,000,000	-
Listed bonds (Note 3.2)	500,989,500,000	81,450,161,318
Unlisted bonds (Note 3.2)	386,124,240,000	1,000,000,000
Loans (Note 3.3)	4,696,713,331,994	3,262,014,843,244
Receivables (Note 3.4)	418,936,508,417	796,829,882,358
Deposit for derivatives trading activities (Note 3.6)	7,563,570,950	102,256,365,000
<b>Total credit risk exposure</b>	<b>6,916,587,841,167</b>	<b>4,360,668,468,358</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****10 FINANCIAL RISK MANAGEMENT (continued)****(a) Credit risk (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 function 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 2019 and as at 31 December 2018, there were no balance with banks that exceeds 15% of the Company's equity.

As at 31 December 2019 and as at 31 December 2018, 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 plan approved by the State Securities Commission. Investment appraisals related to debt securities are approved accordance with the Company's investment policies. Debt securities portfolio is continuously monitored by treasury function 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 2019 and as at 31 December 2018, there were no debt security that exceeds 15% of the Company's equity.

As at 31 December 2019 and as at 31 December 2018, there were no debt security 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****10 FINANCIAL RISK MANAGEMENT (continued)****(a) Credit risk (continued)***(iii) Trading advances and deposit for derivatives trading activities (continued)*

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 2019 and as at 31 December 2018, there were no balance with VSD that were 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 report 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 2019 was VND11,945,957,954,288 (as at 31 December 2018 : VND12,620,681,071,110).

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 2019 and as at 31 December 2018, there were no margin loan balance that exceeds 3% of the Company's equity.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**10 FINANCIAL RISK MANAGEMENT (continued)**

**(a) Credit risk (continued)**

*(v) Receivables*

Credit exposure is restricted by transacting with counterparties with high credit ratings and obtaining security where necessary.

As at 31 December 2019 and as at 31 December 2018, there were no receivable that exceeds 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 31.12.2019</b>				
Current	-	-	379,352,716,269	379,352,716,269
Overdue from 2 – 3 months	4,673,066,397	-	-	4,673,066,397
Overdue for more than 3 months	34,910,725,751	-	-	34,910,725,751
Provision made	(39,583,792,148)	-	-	(39,583,792,148)
<b>Net balance</b>	<b>-</b>	<b>-</b>	<b>379,352,716,269</b>	<b>379,352,716,269</b>
<b>As at 31.12.2018</b>				
Current	-	-	757,246,090,210	757,246,090,210
Overdue from 1 – 2 months	4,673,066,397	-	-	4,673,066,397
Overdue from 2 – 3 months	18,191,420,657	-	-	18,191,420,657
Overdue for more than 3 months	16,719,305,094	-	-	16,719,305,094
Provision made	(39,583,792,148)	-	-	(39,583,792,148)
<b>Net balance</b>	<b>-</b>	<b>-</b>	<b>757,246,090,210</b>	<b>757,246,090,210</b>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****10 FINANCIAL RISK MANAGEMENT (continued)****(b) 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 2019, had the prices of securities increased/decreased by 10% with all other variables being held constant (including tax rate), the Company's profit after tax for the year would have been higher/lower by VND98,746,795,708 (at 31 December 2018: higher/lower by VND21,355,915,216).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**10 FINANCIAL RISK MANAGEMENT (continued)**

**(b) Market risk (continued)**

- **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 cashflows 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:

	<b>Original currency USD</b>		<b>Equivalent to VND</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Financial assets</b>				
Cash	1,899,62	5,176,74	43,249,211	118,995,845
<b>Financial liabilities</b>				
Borrowings (unhedged amount)	(25,000,000,00)	-	(579,987,500,000)	-
<b>Net financial liabilities</b>	<b>(24,998,100,38)</b>	<b>5,176,74</b>	<b>(579,944,250,789)</b>	<b>118,995,845</b>
<b>Net currency exposure</b>	<b>(24,998,100,38)</b>	<b>5,176,74</b>	<b>(579,944,250,789)</b>	<b>118,995,845</b>

As at 31 December 2019, 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 lower/higher by VND46,395,540,063 respectively as a result of foreign exchange losses/gains on translation of USD-denominated financial instruments (as at 31 December 2018: lower/higher by VND 9,519,668 respectively).



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**10 FINANCIAL RISK MANAGEMENT (continued)**

**(c) 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:

	<b>As at</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Short-term borrowings (Note 3.11)	2,393,727,235,255	1,554,132,323,195
Short-term issued bonds (Note 3.11)	-	150,000,000,000
Trading obligations (Note 3.12)	487,804,747,433	315,637,153,051
Short-term trade account payables	1,046,316,763	3,466,914,332
Short-term accrued expenses (Note 3.14)	56,698,330,262	58,349,981,835
Other short-term payables (Note 3.15)	184,843,206,969	31,471,069,058
<b>Total financial liabilities</b>	<b>3,124,119,836,682</b>	<b>2,113,057,441,471</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**10 FINANCIAL RISK MANAGEMENT (continued)**

**(d) 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.

CAR is calculated and presented in the Company's monthly capital adequacy ratio report in accordance with Circular 87/2017/TT-BTC issued by the Ministry of Finance on 15 August 2017 ("Circular 87") effective from 10 October 2017, regulating requirements of capital adequacy ratio applicable to securities dealing institutions and sanctions imposed on non-compliance. According to Circular 87, the Company is required to maintain a prescribed minimum level of CAR of 180%.

As at 31 December 2019, the Company's CAR was 566% (as at 31 December 2018: 505%).

**11 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:

	<b>As at</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Within 1 year	22,406,759,219	25,771,977,761
Between 1 and 5 years	46,051,389,766	62,705,263,783
<b>Total minimum payments</b>	<b>68,458,148,985</b>	<b>88,477,241,544</b>

**12 CAPITAL COMMITMENTS**

Capital expenditure contracted for at the reporting date but not recognised in the financial statements was as follows:

	<b>As at</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Software purchases	5,991,400,000	431,164,420



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**13 VOLUME AND VALUE OF TRANSACTIONS DURING THE YEAR**

	<b>Volume of transactions during the year</b>	<b>Value of transactions during the year VND</b>
<b>a) Of the Company</b>		
Shares	851,907,140	24,947,833,842,300
Bonds	189,913,707	20,539,367,842,484
Future contracts	59,525,520	167,818,203,200
Covered warrants	315,036	27,870,525,959,000
<b>b) Of Investors</b>		
Shares	6,155,787,787	136,450,748,423,320
Bonds	704,448,999	73,015,863,564,187
Future contracts	55,876,060	163,283,022,000
Covered warrants	3,871,561	341,880,668,688,000
	<b>8,021,645,810</b>	<b>625,036,109,544,491</b>

**14 COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to the current year's presentation, in particular:

**(a) Statement of financial position**

Code	ITEMS	For the year ended 31 December 2018		
		Previously reported VND	Reclassification (*) VND	Reclassified VND
112	Financial assets at FVTPL	851,839,940,206	(17,000,000,000)	834,839,940,206
122	Other receivables	725,571,555,348	17,000,000,000	742,571,555,348

(\*) Reclassification of receivables from securities purchasing.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**14 COMPARATIVE FIGURES (continued)**

**(b) Statement of comprehensive income**

		For the year ended 31 December 2018		
Code	ITEMS	Previously reported VND	Reclassification (*) VND	Reclassified VND
26	Self-trading expenses	75,036,982,785	12,541,233,966	87,578,216,751
27	Brokerage fee expenses	414,598,167,005	17,140,141,489	431,738,308,494
32	Other operating expenses	1,139,112,140	256,532,446	1,395,644,586
<b>20</b>	<b>TOTAL OPERATING INCOME</b>	<b>1,328,603,810,540</b>	<b>29,937,907,901</b>	<b>1,358,541,718,441</b>
<b>62</b>	<b>GENERAL AND ADMINISTRATION EXPENSES</b>	<b>181,439,833,060</b>	<b>(29,937,907,901)</b>	<b>151,501,925,159</b>

(\*) Reclassification of expenses to conform to current year's allocation basis.

**(c) Statement of cashflows**

		For the year ended 31 December 2018		
Code	ITEMS	Previously reported VND	Reclassification (*) VND	Reclassified VND
31	(Increase)/decrease in FVTPL financial assets	(13,449,247,870)	17,000,000,000	3,550,752,130
37	Increase in service related receivables	(254,550,203,970)	(17,000,000,000)	(271,550,203,970)


(\*) Reclassification of receivables from securities purchasing.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****15 SUBSEQUENT EVENTS**

Subsequent to the reporting date, the stock markets in the world in general and the Vietnam stock markets in particular have experienced substantial falls mainly due to the impact of the COVID-19 virus epidemic. The Board of Management performed a preliminary assessment of the overall impact of the situation on the Company's operations, as well as the recoverability of the carrying amount of assets, the fair value of its financial assets and its liabilities and initially concluded that the impact to the Company was insignificant in the foreseeable future. The Board of Management will continue to monitor the situation, take appropriate and timely actions to minimise any possible impacts.

The financial statements were approved by the Board of Management on 26 March 2020.

  
\_\_\_\_\_  
Le Thi Thuy Duong  
Preparer  
\_\_\_\_\_  
Lam Huu Ho  
Chief Financial Officer  
\_\_\_\_\_  
Trinh Hoai Giang  
Chief Executive Officer