

# **FINANCIAL STATEMENTS**

QUARTER 02/2020

**HO CHI MINH CITY SECURITIES  
CORPORATION**



## STATEMENT OF FINANCIAL POSITION

Code	ITEMS	Note	As at	
			30.06.2020 VND	31.12.2019 VND
	<b>ASSETS</b>			
<b>100</b>	<b>CURRENT ASSETS</b>		<b>6,561,925,808,448</b>	<b>7,295,764,151,145</b>
<b>110</b>	<b>Financial assets</b>		<b>6,537,824,712,093</b>	<b>7,275,687,206,277</b>
111	Cash and cash equivalents	3.1	1,089,267,983,158	906,543,226,372
111.1	Cash		1,089,267,983,158	906,543,226,372
	Financial assets at fair value through profit or loss			
112	(FVTPL)	3.2	655,670,537,294	1,306,154,384,308
114	Loans	3.3	4,246,933,992,936	4,696,713,331,994
118	Prepayments to suppliers		3,996,443,731	6,445,066,994
119	Service related receivable	3.4	512,830,117,069	318,126,523,551
122	Other receivables	3.4	68,709,430,053	81,288,465,206
129	Provision for doubtful debts	3.5	(39,583,792,148)	(39,583,792,148)
<b>130</b>	<b>Other current assets</b>		<b>24,101,096,355</b>	<b>20,076,944,868</b>
131	Advances		319,684,525	251,315,707
133	Short-term prepaid expenses		14,201,909,380	8,464,775,711
	Pledged assets, mortgages, security deposits in			
134	short term		3,797,282,500	3,797,282,500
137	Other current assets		5,782,219,950	7,563,570,950
137.1	Deposits for derivatives trading activities		5,782,219,950	7,563,570,950
<b>200</b>	<b>NON-CURRENT ASSETS</b>		<b>180,713,667,347</b>	<b>192,914,478,203</b>
<b>220</b>	<b>Fixed assets</b>		<b>36,129,449,069</b>	<b>41,889,429,828</b>
221	Tangible fixed assets	3.6	22,450,936,791	24,220,165,536
222	Historical cost		92,117,180,705	86,288,797,369
223a	Accumulated depreciation		(69,666,243,914)	(62,068,631,833)
227	Intangible fixed assets	3.6	13,678,512,278	17,669,264,292
228	Historical cost		71,775,167,619	69,590,128,018
229a	Accumulated amortisation		(58,096,655,341)	(51,920,863,726)
<b>240</b>	<b>Construction in progress</b>	3.6	<b>9,324,708,097</b>	<b>13,597,128,282</b>
<b>250</b>	<b>Other non-current assets</b>		<b>135,259,510,181</b>	<b>137,427,920,093</b>
	Pledged assets, mortgages, security deposits in			
251	long term		6,361,051,327	6,192,051,327
252	Long-term prepaid expenses	3.7	98,898,458,854	100,955,484,782
253	Deferred income tax assets		-	280,383,984
254	Deposits in the Settlement Supporting Fund	3.8	20,000,000,000	20,000,000,000
255	Other long-term assets	3.9	10,000,000,000	10,000,000,000
	Deposits in the Derivatives trading clearing			
255.1	fund		10,000,000,000	10,000,000,000
<b>270</b>	<b>TOTAL ASSETS</b>		<b>6,742,639,475,795</b>	<b>7,488,678,629,348</b>

STATEMENT OF FINANCIAL POSITION  
(continued)

Code	ITEMS	Note	As at	
			30.06.2020 VND	31.12.2019 VND
<b>300</b>	<b>LIABILITIES</b>		<b>2,428,331,551,523</b>	<b>3,184,535,590,209</b>
<b>310</b>	<b>Current liabilities</b>		<b>2,428,331,551,523</b>	<b>3,184,535,590,209</b>
	Short-term borrowings and finance lease			
311	liabilities		1,936,375,000,000	2,393,727,235,255
312	Short-term borrowings	3.10	1,936,375,000,000	2,393,727,235,255
318	Trading obligations	3.11	130,267,064,512	487,804,747,433
320	Short-term trade accounts payable		918,123,503	1,046,316,763
322	Tax and other payables to the State Budget	3.12	55,674,480,370	37,937,342,045
324	Employee welfare payables		5,059,207,888	3,851,740,871
325	Short-term accrued expenses	3.13	40,262,200,171	56,698,330,262
329	Other short-term liabilities	3.14	234,008,049,346	184,843,206,969
331	Bonus and welfare funds		25,767,425,733	18,626,670,611
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>4,314,307,924,272</b>	<b>4,304,143,039,139</b>
<b>410</b>	<b>Capital and reserves</b>	3.15	<b>4,314,307,924,272</b>	<b>4,304,143,039,139</b>
411	Owners' capital		3,406,074,796,992	3,411,931,836,992
411.1	Share capital		3,058,822,630,000	3,058,822,630,000
411.1a	Ordinary shares		3,058,822,630,000	3,058,822,630,000
411.2	Share premium		358,946,064,000	358,946,064,000
411.5	Treasury shares		(11,693,897,008)	(5,836,857,008)
414	Supplementary capital reserve		151,385,003,919	151,385,003,919
415	Financial and operational risk reserve		151,385,003,919	151,385,003,919
416	Other equity funds		3,961,374,994	3,961,374,994
417	Undistributed earnings	3.16	601,501,744,448	585,479,819,315
417.1	Realised post-tax profits		601,414,065,175	614,251,440,752
417.2	Unrealised profits/(losses)		87,679,273	(28,771,621,437)
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>6,742,639,475,795</b>	<b>7,488,678,629,348</b>

## OFF STATEMENT OF FINANCIAL POSITION ITEMS

Code	ITEMS	Note	As at	
			30.06.2020	31.12.2019
<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		1,879.11	1,899.62
	Japanese Yen		241,915	241,915
	Singapore Dollar		844	844
	British Pound		4,589.50	1,594.70
	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	305,097,813	305,516,173
007	Number of treasury shares (shares)		784,450	366,090
			<i>Par value (VND)</i>	
008	Securities listed/registered at Vietnam Securities Depository ("VSD")		327,414,544,000	146,128,706,000
009	Securities in custody of VSD and not yet traded		26,150,000,000	506,139,500,000
010	Securities purchased and awaiting settlement		79,235,273,000	4,570,802,000
012	Securities not in custody of VSD		354,082,240,000	391,374,560,000
			<i>Quantity</i>	
014	Covered warrants authorised but not yet issued	4.4	62,163,510	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		23,394,741,629,245	21,830,141,746,300
021.1	Freely traded securities		19,510,172,695,400	18,732,929,161,200
021.2	Restricted securities		122,333,960,000	129,406,140,000
021.3	Pledged securities		2,450,566,600,000	2,371,412,250,000
021.4	Suspended securities		268,676,880,000	268,676,880,000
021.5	Securities awaiting settlement		808,778,877,900	203,396,899,000
021.7	Customers' deposits for derivatives trading		234,212,615,945	124,320,416,100



OFF STATEMENT OF FINANCIAL POSITION ITEMS  
(continued)

Code	ITEMS	Note	As at	
			30.06.2020 VND	31.12.2019 VND
<b>B</b>	<b>ASSETS OF AND LIABILITIES TO CUSTOMERS (continued)</b>			
			<i>Par value (VND)</i>	
022	Securities in custody of VSD and not yet traded		25,181,250,000	18,424,050,000
022.1	Securities in custody of VSD and not yet traded – freely traded securities		15,761,550,000	11,232,460,000
022.2	Securities in custody of VSD and not yet traded – suspended securities		9,419,700,000	7,191,590,000
023	Securities purchased and awaiting settlement		749,927,030,900	212,253,750,000
024b	Securities not in custody of VSD of investors		5,500,000,000	5,500,000,000
026	Customers' deposits		1,695,358,835,385	865,759,134,335
027	Customers' deposits for securities trading		1,461,146,219,440	741,438,718,235
027.1	Customers' deposits at VSD		234,212,615,945	124,320,416,100
031	Payables to customers relating to their deposits at the Company for securities trading		1,461,146,219,440	741,438,718,235
031.1	Payables to domestic customers relating to their deposits at the Company for securities trading		1,442,271,495,018	733,323,220,892
031.2	Payables to foreign customers relating to their deposits at the Company for securities trading		18,874,724,422	8,115,497,343

Prepared by



Le Thi Thuy Duong

Chief Financial Officer



Lam Huu Ho

20 July 2020

Chief Executive Officer




**HO CHI MINH CITY SECURITIES CORPORATION**  
FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

Form B02a – CTCK

**STATEMENT OF INCOME**

Code	ITEMS	Note	2nd Quarter		Year to date	
			2020 VND	2019 VND	2020 VND	2019 VND
	<b>OPERATING INCOME</b>					
01	Income from FVTPL financial assets		186,668,894,709	172,391,993,465	397,090,932,359	242,926,121,403
01.1	Realised gains on disposal of FVTPL financial assets	5.1	159,249,739,850	133,854,399,173	312,410,353,446	188,117,579,961
01.2	Increase in revaluation gains of FVTPL financial assets	5.2a	9,203,901,346	13,690,491,294	7,876,186,371	10,452,747,719
01.3	Dividends and interest income from FVTPL financial assets		43,397,981,368	24,847,102,998	82,877,512,874	44,355,793,723
01.4	Decrease in revaluation losses of covered warrants		(25,182,727,855)	-	(6,073,120,332)	-
03	Interest income from loans and receivables		103,193,120,651	134,172,234,889	221,833,052,132	240,220,288,130
06	Brokerage fee income		143,773,171,195	127,598,883,347	257,814,434,706	239,943,322,623
09	Custody service income		1,764,744,675	1,842,556,024	3,663,763,321	3,777,322,386
10	Financial consultancy service income		2,360,955,513	32,878,068,178	3,747,498,824	34,833,742,068
11	Other operating income		1,072,039,284	563,062,536	1,526,935,523	1,096,026,498
20	<b>TOTAL OPERATING INCOME</b>		<b>438,832,926,027</b>	<b>469,446,798,439</b>	<b>885,676,616,865</b>	<b>762,796,823,108</b>
	<b>OPERATING EXPENSES</b>					
21	Losses from FVTPL financial assets		64,484,159,888	139,389,326,198	208,035,368,212	165,782,333,179
21.1	Realised losses on disposal of FVTPL financial assets	5.1	75,929,059,902	136,266,331,950	235,091,602,883	180,311,898,209
21.2	Decrease in revaluation losses of FVTPL financial assets	5.2a	(11,444,900,014)	3,098,809,640	(27,056,234,671)	(14,553,749,638)
21.3	Decrease in revaluation gains of covered warrants		-	24,184,608	-	24,184,608
24	Provisions for financial assets, losses on bad debts, impairment losses of financial assets and interest expenses associated with loans		26,467,648,698	48,063,189,304	60,762,662,969	74,718,178,055
26	Proprietary trading activities	5.3	9,938,062,408	6,890,636,339	17,702,207,043	11,965,558,852
27	Brokerage fee expenses	5.3	97,161,388,586	91,239,514,812	179,401,547,737	175,080,063,527
30	Custody service expenses	5.3	1,844,194,521	1,907,258,630	3,821,490,168	4,235,601,166
31	Financial consultancy service expenses	5.3	3,663,308,179	5,052,684,079	7,608,527,616	9,231,125,139
32	Other operating expenses	5.3	811,591,473	712,659,465	1,597,036,965	1,360,729,054
40	<b>TOTAL OPERATING EXPENSES</b>		<b>204,370,353,753</b>	<b>293,255,268,827</b>	<b>478,928,840,710</b>	<b>442,373,588,973</b>

**HO CHI MINH CITY SECURITIES CORPORATION**  
FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

**Form B02a – CTCK**

**STATEMENT OF INCOME**  
(continued)

Code	ITEMS	Note	2nd Quarter		Year to date	
			2020 VND	2019 VND	2020 VND	2019 VND
	<b>FINANCIAL INCOME</b>					
42	Dividend income and interest income from demand deposits		112,299,862	552,332,290	1,406,342,587	1,753,663,447
50	<b>TOTAL FINANCIAL INCOME</b>		112,299,862	552,332,290	1,406,342,587	1,753,663,447
62	<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	5.4	46,862,505,156	40,788,478,831	94,346,276,979	83,989,531,196
70	<b>OPERATING RESULT</b>		187,712,366,980	135,955,383,071	313,807,841,763	238,187,366,386
	<b>OTHER INCOME AND EXPENSES</b>					
71	Other income		42,617,424	18,386,364	54,708,333	18,386,364
80	<b>NET OTHER INCOME</b>		42,617,424	18,386,364	54,708,333	18,386,364
90	<b>NET ACCOUNTING PROFIT BEFORE TAX</b>		187,754,984,404	135,973,769,435	313,862,550,096	238,205,752,750
91	Realised profit		192,288,910,899	125,406,272,389	285,003,249,386	213,223,440,001
92	Unrealised profit/(loss)		(4,533,926,495)	10,567,497,046	28,859,300,710	24,982,312,749



**HO CHI MINH CITY SECURITIES CORPORATION**  
FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

Form B02a – CTCK

**STATEMENT OF INCOME**  
(continued)

Code	ITEMS	Note	2nd Quarter		Year to date	
			2020 VND	2019 VND	2020 VND	2019 VND
100	BUSINESS INCOME TAX ("BIT")		37,633,145,164	25,337,441,320	62,761,937,544	45,603,530,980
100.1	BIT – current		37,352,761,180	25,337,441,320	62,481,553,560	45,603,530,980
100.2	BIT – deferred		280,383,984	-	280,383,984	-
200	NET PROFIT AFTER TAX		150,121,839,240	110,636,328,115	251,100,612,552	192,602,221,770

Prepared by



Le Thi Thuy Duong

Chief Financial Officer



Lam Huu Ho



20 July 2020

Chief Executive Officer



Trinh Hoai Giang



**HO CHI MINH CITY SECURITIES CORPORATION**  
FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

Form B03(b)a – CTCK

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

Code	ITEMS	Year to date	
		2020 VND	2019 VND
	<b>Cash flows from operating activities</b>		
01	<b>Net profit before tax</b>	<b>313,862,550,096</b>	<b>238,205,752,750</b>
02	<b>Adjustments for:</b>	<b>46,699,289,542</b>	<b>71,351,205,690</b>
03	Depreciation and amortisation	14,331,012,029	11,657,578,656
06	Interest expenses	60,762,662,969	74,718,178,055
07	Profits from investing activities	(54,708,333)	(18,386,364)
08	Accrued interest income	(28,339,677,123)	(15,006,164,657)
10	<b>Changes in non-cash expenses</b>	<b>(27,056,234,671)</b>	<b>(14,529,565,030)</b>
11	Decrease in revaluation losses of FVTPL financial assets	(27,056,234,671)	(14,553,749,638)
11.01	Decrease in revaluation gains of covered warrants	-	24,184,608
18	<b>Changes in non-cash income</b>	<b>(1,803,066,039)</b>	<b>(10,452,747,719)</b>
19	Decrease in revaluation gains of FVTPL financial assets	(7,876,186,371)	(10,452,747,719)
20	Decrease in revalued amount of covered warrants liabilities	6,073,120,332	-
30	<b>Changes in working capital</b>	<b>470,726,583,738</b>	<b>(1,864,508,453,781)</b>
31	Decrease/(increase) in FVTPL financial assets	685,416,268,056	(178,388,401,542)
33	Decrease/(increase) e in loans	449,779,339,058	(1,457,409,500,364)
37	(Increase)/decrease in service-related receivables	(194,703,593,518)	22,300,122,029
39	Decrease in other receivables	40,850,343,458	13,364,797,185
41	Decrease in accrued expenses (excluding interest expenses)	(29,246,066,838)	(58,728,746,795)
42	Increase in prepaid expenses	(639,873,618)	(8,925,093,681)
43	BIT paid	(48,955,348,810)	(36,950,949,460)
44	Interest paid	(58,148,133,243)	(64,551,912,876)
45	Increase/(decrease) in trade payables	2,320,430,003	(1,118,110,299)
46	Increase in employee welfare payables	1,207,467,017	343,762,703
47	Increase/(decrease) in tax and other payables to the State (excluding BIT paid)	4,446,017,559	(1,907,451,703)
50	Decrease in other short-term payables	(387,730,303,641)	(75,990,918,820)
50.1	Increase in covered warrants payable	4,517,687,255	1,055,097,792

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

Code	ITEMS	Year to date	
		2020 VND	2019 VND
51	Other receipts from operating ctivities	1,781,351,000	-
52	Other payments for operating ctivities	(169,000,000)	(17,601,147,950)
<b>60</b>	<b>Net cash inflows from/(outflows for) operating activities</b>	<b>802,429,122,666</b>	<b>(1,579,933,808,090)</b>
	<b>Cash flows from investing activities</b>		
61	Cash paid for purchases of fixed assets	(7,737,136,875)	(10,055,271,606)
62	Proceeds from disposals of fixed assets	498,300,000	20,225,000
<b>70</b>	<b>Net cash outflows for investing activities</b>	<b>(7,238,836,875)</b>	<b>(10,035,046,606)</b>
	<b>Cash flows from financing activities</b>		
71	Proceeds from issuance of shares	-	1,222,514,474,000
72	Payments for share repurchases	(3,660,650,000)	(1,116,000,000)
73	Proceeds from borrowings	8,919,483,907,165	16,189,267,966,616
74.3	Repayments of principals of borrowings	(9,376,836,142,420)	(15,302,277,172,483)
76	Payment of dividend	(151,452,643,750)	(245,562,243,590)
<b>80</b>	<b>Net cash (outflows for)/inflows from financing activities</b>	<b>(612,465,529,005)</b>	<b>1,862,827,024,543</b>
<b>90</b>	<b>Net increase in cash and cash equivalents</b>	<b>182,724,756,786</b>	<b>272,858,169,847</b>
<b>101</b>	<b>Cash and cash equivalents at beginning of year</b>	<b>906,543,226,372</b>	<b>117,332,185,998</b>
101.1	Cash	906,543,226,372	117,332,185,998
<b>103</b>	<b>Cash and cash equivalents at end of year</b>	<b>1,089,267,983,158</b>	<b>390,190,355,845</b>
103.1	Cash	1,089,267,983,158	390,190,355,845

**HO CHI MINH CITY SECURITIES CORPORATION**  
FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

Form B03(b)a – CTCK

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

**CASH FLOWS OF BROKERAGE AND ENTRUSTMENT ACTIVITIES**

Code	ITEMS	Year to date	
		2020 VND	2019 VND
	<b>Cash flows of brokerage and entrustment activities</b>		
01	Brokerage trading proceeds	37,277,496,448,216	31,120,426,418,550
02	Brokerage trading payments	(39,350,239,525,801)	(34,166,473,391,660)
07	Receipts for settlement of customers' transactions	2,796,114,342,111	3,020,272,298,366
11	Payments for custody fees of customers	(3,663,763,321)	(3,777,322,386)
20	<b>Increase/(decrease) in customers' deposits</b>	<b>719,707,501,205</b>	<b>(29,551,997,130)</b>
30	<b>Customers' deposits at beginning of year</b>	<b>741,438,718,235</b>	<b>1,022,966,855,215</b>
31	Cash at bank	741,438,718,235	1,022,966,855,215
32	Customers' deposits for securities trading under monitoring of the Company	741,438,718,235	1,022,966,855,215
40	<b>Customers' deposits at end of year</b>	<b>1,461,146,219,440</b>	<b>993,414,858,085</b>
41	Cash at bank	1,461,146,219,440	993,414,858,085
42	Customers' deposits for securities trading under monitoring of the Company	1,461,146,219,440	993,414,858,085

Prepared by



Le Thi Thuy Duong

Chief Financial Officer



Lam Huu Ho

20 July 2020

Chief Executive Officer




Trinh Hoai Giang



HO CHI MINH CITY SECURITIES CORPORATION

Form B04a – CTCK

STATEMENT OF CHANGES IN EQUITY

Chỉ tiêu	As at		For the period ended 30 June 2019		For the period ended 30 June 2020		As at	
	1.1.2019 VND	1.1.2020 VND	Increase VND	Decrease VND	Increase VND	Decrease VND	30.06.2019 VND	30.06.2020 VND
1. Owners' capital	1,625,017,521,491	3,411,931,836,992	2,118,581,114,000	330,343,798,499	(5,857,040,000)	-	3,413,254,836,992	3,406,074,796,992
1.1 Ordinary shares with voting rights	1,297,567,580,000	3,058,822,630,000	1,761,255,050,000	-	-	-	3,058,822,630,000	3,058,822,630,000
1.2 Share premium	330,343,798,499	358,946,064,000	358,946,064,000	330,343,798,499	-	-	358,946,064,000	358,946,064,000
1.3 Treasury shares	(2,893,857,008)	(5,836,857,008)	(1,620,000,000)	-	(5,857,040,000)	-	(4,513,857,008)	(11,693,897,008)
2. Supplementary capital reserve	129,756,758,000	151,385,003,919	-	-	-	-	129,756,758,000	151,385,003,919
3. Financial risk and operation reserve lệ	129,756,758,000	151,385,003,919	-	-	-	-	129,756,758,000	151,385,003,919
4. Other equity funds	3,961,374,994	3,961,374,994	-	-	-	-	3,961,374,994	3,961,374,994
6. Undistributed earnings	1,172,043,750,012	585,479,819,315	192,602,221,770	823,118,420,736	251,100,612,552	235,078,687,419	541,527,551,046	601,501,744,448
6.1 Realised profit after tax	1,223,955,850,562	614,251,440,752	167,619,909,021	823,118,420,736	222,241,311,842	235,078,687,419	568,457,338,847	601,414,065,175
6.2 Unrealised (losses)/profits after tax	(51,912,100,550)	(28,771,621,437)	24,982,312,749	-	28,859,300,710	-	(26,929,787,801)	87,679,273
<b>Total</b>	<b>3,060,536,162,497</b>	<b>4,304,143,039,139</b>	<b>2,311,183,335,770</b>	<b>1,153,462,219,235</b>	<b>245,243,572,552</b>	<b>235,078,687,419</b>	<b>4,218,257,279,032</b>	<b>4,314,307,924,272</b>

Prepared by



Le Thi Thuy Duong

Chief Financial Officer



Lam Huu Ho

20 July 2020

Chief Executive Officer



Trinh Hoai Giang



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

**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.

***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 23 June 2020.

***Operations***

The principal activities of the Company are brokerage services, securities trading, securities investment, consultancy services, corporate finance consultancy services, underwriting and securities custodian services.

***Charter capital***

The Company's charter capital according to its latest establishment and operation licence is VND 3,058,822,630,000.

***Investment objectives and investment restrictions***

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

***Network of operation***

As at 30 June 2020, the Company had 7 branches and representative offices in Vietnam.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

**1 GENERAL INFORMATION (continued)**

**The corporation's operational features during the Q2/2020 affected the financial statements**

The profit after tax for Q2/2020 was higher 36% than the same period of last year because of the following reasons:

- a. The revenue for Q2/2020 decreased by 27% compared to Q2/2019 (excluded from effect on revenue and expense of proprietary trading activities as mentioned below):
  - Revenue from margin lending activities (mentioned in gain from loans and receivables) for Q2/2020 reduced 23% because loan balance was decreased by 10% compared to Q2/2019;
  - A big business deal was completed and recognised in revenue of Q2/2019. On the other hand Q2/2020, there is no complete business deal;
  - Revenue from brokerage services for Q2/2020 increased by 13%, as a result of 48% increasing in market trading value compared to that of the same period of 2019, and HSC's market share slightly decreased in Q2/ 2020;
  - Revenue of Proprietary trading activities (the difference between the profit from financial assets recognised through profit / loss in section 1.1 and the loss from financial assets recognised through profit / loss in section 2.1 of the Income Statement) increased by 2.7 times compared to Q2/2020 because market condition was effective for investment.
- b. The operating expense and the administrative expenses for Q2/2020 decreased 4% compared to the same period of last year:
  - The operating expenses (excluded from affect mentioned in code 2.1) in Q2/2020 was lower 9% than Q2/2019 mainly due to bank interest expense decreased by 45% which effected of raising working capital in Q2/2019;
  - The administrative expenses for Q2/2020 were 15% higher than Q2/2019 because of increasing the employees of back-office departments which corresponded with development of the market and of the Company.



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

**2 GENERAL INFORMATION (continued)**

**The corporation's operational features during the six-month period affected financial statements:**

The profit after tax for the six-month period (1H2020) was higher 30% than the same period of last year because of the following reasons:

- a. The revenue for 1H2020 increased by 2% compared to 1H2019 (excluded from effect on revenue and expense of proprietary trading activities as mentioned below):
  - Revenue from brokerage services for 1H2020 increased by 7%, as a result of 24% increasing in market trading value compared to that of the same period of 2019, and HSC's market share slightly decreased in H12020;
  - Revenue of Proprietary trading activities (the difference between the profit from financial assets recognised through profit / loss in section 1.1 and the loss from financial assets recognised through profit / loss in section 2.1 of the Income Statement) decreased by 1.4 times compared to Q2/2020 because market condition was effective for investment. Beside that HSC has invested in corporate bond since the last 2019, so that bond interest contributed in revenue 1H2020;
  - Revenue from margin lending activities (mentioned in gain from loans and receivables) for 1H2020 reduced 8%. Although loan balance was increased by 6% compared to 1H2019, interest reduced because of competition of Competitors Company;
  - A big business deal was completed and recognised in revenue of 1H2019, there is no complete business deal in 1H2020.
- b. The operating expense and the administrative expenses for 1H2020 increased 1% compared to the same period of last year:
  - The operating expenses (excluded from affect mentioned in code 2.1) in Q2/2020 was lower 2% than 1H2020 mainly due to bank interest expense decreased by 19% which effected of raising working capital in Q2/2019;

The administrative expenses for 1H2020 were 12% higher than 1H2019 because of increasing the employees of back-office departments which corresponded with development of the market and of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

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

The financial statements have been prepared 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. 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) based on market value (or fair value in case market value is undetermined).

**2.2 Form of records applied**

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

**2.3 Fiscal year**

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

These financial statements are prepared for the period from 1 January 2020 to 30 June 2020

**2.4 Currency**

The financial statements are measured and presented in Vietnamese Dong ("VND").

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 income.

Monetary assets and liabilities denominated in foreign currencies at the reporting date 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 the statement of income.

**2.5 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, cash at bank, cash in transit and other short-term investments with an original maturity of 3 months or less which are subject to an insignificant risk of conversion into cash.

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



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.6 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).

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 PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.6 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 PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.6 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 PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****a. 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 PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.6 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 PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.6 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 criteria 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 into AFS group and remeasured at fair value. Difference between its carrying value and its fair value is recognised in the statement of income – Changes in fair value of reclassified assets.

**(c) Recognition/derecognition**

Purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the financial assets. Financial assets are derecognised 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.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained 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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**(d) Initial recognition**

Financial assets carried at fair value through profit or loss are initially recognised at cost exclusive of transaction costs. Other financial assets are initially recorded at historical cost.

Bonus issues and stock dividends are initially recognised as financial assets at zero value.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.6 Financial assets (continued)****(e) Determination of market value/fair value**

The Company follows the prevailing regulations in determining the market value/fair value, 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) *Unlisted securities registered/unregistered to Vietnam Securities Depository ("VSD")*

The fair values of these shares based on the average of transacted prices announced by the three (03) independent quoting entities at the latest trading date within one (01) month prior to the reporting date. Management and executives of the Company must not be related to management and executives of the quoting entities in accordance with Securities Law.

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

These certificates are revalued at net asset value per fund unit as at the fund's last reporting date prior to the valuation date of the Company.

- (iii) *Delisted shares/ shares suspended from 6 days or longer*

The fair values of these shares are determined at its book value as at 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 as at valuation date.

**(f) Provision for impairment of loans**

Provision for impairment of loans is made when there are indicators of decline in the recoverability of the margin loans and trading advances. Provision is determined at the difference of market value of collateral assets and carrying value of margin loans and trading advances at reporting date.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.6 Financial assets (continued)****(g) Provision for impairment of receivables**

Receivables are subject impairment assessment based on the overdue status of the receivables or the estimated loss arising from undue debts of which the indebted economic entities fall bankrupt or are undergoing dissolution procedures; debtors are missing, deceased or under legal claims.

The Company has provided for overdue receivables in accordance with Circular 48/2019/TT-BTC issued by Ministry of Finance on 8 August 2019 ("Circular 48/2019/TT-BTC"). Accordingly, the provision rates for overdue receivables are as follows:

	Provision rate
<b>Overdue period</b>	
From 6 months to less than 1 year	30%
From 1 year to less than 2 years	50%
From 2 years to less than 3 years	70%
Over 3 years	100%

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

**(h) Recognition of gain/(loss)***Purchasing 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 in the reporting period.

*Gain/(loss) on disposals*

Gain/(loss) on disposals of financial assets are accounted as income/(expenses) in profit or loss of statement of income. Costs of shares and fund certificates are determined using weighted average method up to the end of trading dates, while costs of bonds and derivatives are determined using specific identification method.

*Provision/(reversal of provision) for impairment in value of financial assets*

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



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Repurchase and reverse repurchase agreements**

Securities sold under agreements to repurchase at a specified future date ("repos") are not derecognised from the interim statement of financial position. The corresponding proceed is recognised in the statement of financial position as a liability. The difference between the selling price and the repurchase price is recognised as interest expense and is accrued over the life of the agreement using the straight-line method.

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 is recognised in the statement of financial position as an asset. The difference between the purchase price and resale price is recognised as interest income and is allocated over the life of the agreement using the straight-line method.

For overdue commitments, the Company considers to make provision based on the aging of commitments or expected losses in accordance with Circular 48/2019/TT-BTC.

**2.8 Fixed assets***Tangible and intangible fixed assets*

Fixed assets are stated at historical cost less accumulated depreciation/amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the fixed assets.

*Depreciation and amortisation*

Fixed assets are depreciated/amortised using the straight-line method to write off the cost of the 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 and are recognised as income or expense in the statement of income.

**2.9 Leased assets**

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.10 Prepaid expenses**

Prepaid expenses include prepayments for goods and services, tools and equipment not qualified to be accounted as fixed assets under current regulations. Prepaid expenses are initially recorded at cost and allocated to expenses over their estimated useful lives.

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

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

**2.11 Security deposits**

Short-term/long-term security deposits are recognised when the Company completes its payments in accordance with the contractual terms and classified as other current/non-current assets.

**2.12 Liabilities****(a) Recognition/Derecognition**

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 derecognised when such obligations are fully discharged. Liabilities are recognised on an accruals basis and on prudent concept.

**(b) Classification**

Classifications of liabilities are based on their nature as follows:

- Borrowings
- Bonds
- Trading obligations including balances with Clearing House and Securities Depository
- Trade payables arising from purchases of goods or services
- Other payables not arising from purchases of goods and services.

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



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.13 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is presented in the interim 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 realise the asset and settle the liability simultaneously.

**2.14 Income tax paid on behalf of customers**

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 corporate customers and pay on their behalf. For individual customers (both residents and non-residents), the Company is required to withhold personal income tax of 0.1% on the trading proceeds. The Company will declare and make tax payment on behalf of these customers. For customers being local organisations, the Company is not responsible for withholding tax as these customers have responsibility for their own tax payment and declaration.

**2.15 Borrowing costs**

Borrowing costs that are directly attributable to the construction or production of any qualifying assets are capitalised during the time that is required to complete and prepare the asset for its intended use. Other borrowing costs are recognised in the statement of income when incurred.

**2.16 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.

**2.17 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 present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligations. The increase in the provision due to passage of time is recognised as an interest expense.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.18 Equity****(a) Share capital**

Share capital represents the shareholders' contributed capital. Share capital is recorded at par value.

Share premium is the difference between the par value and the issuing 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 purchased back by itself but not yet cancelled and may be re-issued in the period permitted by prevailing regulations on securities. Treasury shares are recorded at cost and deducted to equity. The Company does not account for gains/(losses) from purchase/sale, issuance/cancellation of its equity instruments.

**(b) Undistributed profits**

Undistributed profits represents cumulative undistributed post-tax profits as at reporting date including cumulative realised profits and cumulative unrealised profits.

Unrealised profit of the period is total difference between gain or loss arising from revaluation of financial assets at FVTPL or other financial assets charged into the statement of income.

Realised profit during the period is the net difference between total revenue, income and total expenses in the statement of income of the Company, except for gain or loss arising from revaluation of financial assets recognised in unrealised profit.

**(c) Financial and operational risk reserve and supplementary capital reserve**

According to Circular 146/2014/TT-BTC issued by the Ministry of Finance on 6 October 2014, the Company is required to make annual appropriation to the financial and operational risk reserve and supplementary capital reserve at 5% of the profit after tax of the Company for each reserve in each of its profitable year until the accumulated balance of each reserve reaches 10% of the Company's 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.

**(d) Other equity funds**

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.19 Revenue and income recognition****(a) *Revenue from provision of services to investors***

Revenue from provision of services to investors consists of securities brokerage fees, securities underwriting fees and investment consultancy fees, securities custody services and entrustment services.

Revenue from the provision of services is recognised in the interim statement of 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.

**(b) *Income from securities trading and investments in other entities***

Income from securities trading and investments in other entities consists of income from proprietary trading activities and dividend income.

Income from proprietary trading activities is measured as difference between selling price and costs of securities disposed. Costs of shares and fund certificates are determined using weighted average method up to the end of trading dates, while costs of bonds and derivatives are determined using specific identification method.

Dividend income is recognised in the interim statement of income when the Company's right to receive dividend is established, except for scrip dividends which the Company adds their quantity in securities portfolio and does not recognise income.

**(c) *Income from capital activities***

Income from capital activities consists of interest income from deposits at bank, income from margin loans, trading advances and financial support agreements. 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 using the straight-line method.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.19 Revenue and income recognition (continued)****(e) Other income**

Other income arises from other activities and is recognised on an accruals basis.

**2.20 Expenses****(a) Recognition**

Expenses are recognised on an accruals 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
- Other expenses

**2.21 Current and deferred income tax**

Income taxes include all income taxes which are based on taxable profits including profits generated from operations and trading activities in other countries that 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 quarter taxable profit and the current tax rates. Current and deferred tax should be recognised as income or an expense and included in profit or loss for the quarter, 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.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.22 Dividend distribution**

Dividend of the Company is recognised as a liability in the Company's financial statements when the dividend is declared in accordance with the Company's charter and prevailing applicable regulations.

**2.23 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 directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

**2.24 Segment reporting**

A segment is a component which can be separated by 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 situation the operations of the Company in a comprehensive way.

**2.25 Nil balances**

Items or balances required by Circular 210/2014/TT-BTC and Circular 334/2016/TT-BTC that are not presented in these financial statements indicate nil balances.

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION****3.1 Cash and cash equivalents**

	As at	
	30.06.2020	31.12.2019
	VND	VND
Cash on hand	313,930,797	282,536,566
Cash at bank	1,036,054,052,361	837,260,689,806
Cash in transit	7,000,000,000	-
Security deposit for covered warrants issued (i)	45,900,000,000	69,000,000,000
<b>Total</b>	<b>1,089,267,983,158</b>	<b>906,543,226,372</b>

(i) This represents security deposit at custodian banks in relation to covered warrants issued by the Company.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

## 3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continue)

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

	As at 30.06.2020		As at 31.12.2019	
	Cost VND	Market value/ fair value VND	Cost VND	Market value/ fair value VND
<b>Securities listed and securities traded on UPCoM</b>	<b>31,503,006,911</b>	<b>16,087,540,895</b>	<b>360,948,994,027</b>	<b>321,227,493,648</b>
Mobile World Investment Corporation (MWG)	1,413,982,491	1,376,993,600	67,247,958,612	63,776,388,000
Technology and Commercial Joint Stock Bank (TCB)	1,293,935,657	1,265,901,600	17,845,690,449	17,462,136,600
FPT Corporation (FPT)	1,218,645,659	4,903,723,000	24,773,347,209	25,032,154,400
Vietnam Prosperity Joint-Stock Commercial Bank (VPB)	910,562,039	867,100,450	21,988,881,980	20,336,680,000
Military Commercial Joint - Stock Bank (MBB)	723,536,921	701,897,800	170,048,570,935	154,448,944,000
Others	25,942,344,144	6,971,924,445	59,044,544,842	40,171,190,648
<b>Underlying assets designated as hedges for covered warrants</b>	<b>17,035,220,371</b>	<b>17,129,853,100</b>	<b>74,115,366,734</b>	<b>73,306,695,400</b>
Hoa Phat Group Joint Stock Company (HPG)	5,412,342,192	5,402,076,000	-	-
Vinhomes Joint Stock Company (VHM)	3,719,454,258	3,707,050,000	-	-
Others	7,903,423,921	8,020,727,100	74,115,366,734	73,306,695,400

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

## 3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continue)

## 3.2 Financial assets at fair value through profit or loss (FVTPL) (continue)

	As at 30.06.2020		As at 31.12.2019	
	Cost VND	Market value/ fair value VND	Cost VND	Market value/ fair value VND
<b>Unlisted and unregistered securities</b>	<b>9,849,000,000</b>	<b>334,084,000</b>	<b>19,009,000,000</b>	<b>4,833,498,000</b>
Saigon Post and Telecommunications Service Corporation	4,406,400,000	220,084,000	4,406,400,000	220,084,000
Others	5,442,600,000	114,000,000	14,602,600,000	4,613,414,000
<b>Bond</b>	<b>575,622,227,077</b>	<b>599,978,691,839</b>	<b>887,113,740,000</b>	<b>906,635,259,660</b>
Corporate Bonds - BID11908	220,308,307,271	231,129,267,222	499,989,500,000	504,470,280,219
Corporate Bonds - BVJC201901	354,313,919,806	367,805,452,014	386,124,240,000	401,164,979,441
Vietnam Bank for Social Policies	1,000,000,000	1,043,972,603	1,000,000,000	1,000,000,000
<b>ETF certificates</b>	<b>20,817,360,220</b>	<b>21,058,289,000</b>	<b>149,232,571</b>	<b>151,437,600</b>
VFMVN30 ETF	20,817,360,220	21,058,289,000	149,232,571	151,437,600
<b>Diamond certificates</b>	<b>1,093,250,696</b>	<b>1,082,078,460</b>	-	-
Diamond certificates	1,093,250,696	1,082,078,460	-	-
<b>Total</b>	<b>655,920,065,276</b>	<b>655,670,537,294</b>	<b>1,341,336,333,332</b>	<b>1,306,154,384,308</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

## 3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continue)

## 3.2 Financial assets at fair value through profit or loss (FVTPL) (continue)

As at 30 June 2020

	Cost VND	Comparison to market price or fair value		Market price/ fair value VND
		Increase VND	fair value VND	
Listed shares and shares traded on UPCoM	31,503,006,911	3,697,663,983	(19,113,130,000)	16,087,540,895
Underlying assets designated as hedges for covered warrants	17,035,220,371	411,772,118	(317,139,389)	17,129,853,100
Unlisted and unregistered shares	9,849,000,000	-	(9,514,916,000)	334,084,000
Listed and Unlisted Bonds	575,622,227,077	24,356,464,762	-	599,978,691,839
Certificates	21,910,610,916	240,928,780	(11,172,236)	22,140,367,460
<b>Total</b>	<b>655,920,065,276</b>	<b>28,706,829,643</b>	<b>(28,956,357,625)</b>	<b>655,670,537,294</b>

As at 30 June 2019

	Cost VND	Comparison to market price or fair value		Market price/ fair value VND
		Increase VND	fair value VND	
Listed shares and shares traded on UPCoM	360,948,994,027	727,671,953	(40,449,172,332)	321,227,493,648
Underlying assets designated as hedges for covered warrants	74,115,366,734	579,246,630	(1,387,917,964)	73,306,695,400
Unlisted and unregistered shares	19,009,000,000	-	(14,175,502,000)	4,833,498,000
Listed and Unlisted Bonds	887,113,740,000	19,521,519,660	-	906,635,259,660
Certificates	149,232,571	2,205,029	-	151,437,600
<b>Total</b>	<b>1,341,336,333,332</b>	<b>20,830,643,272</b>	<b>(56,012,592,296)</b>	<b>1,306,154,384,308</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

## 3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continue)

## 3.3 Loans

Details of loans at amortised cost exclusive of provisions for impairments are as follows:

		As at	
		30.06.2020	31.12.2019
		VND	VND
Margin loans	(i)	4,246,933,992,936	4,680,997,147,954
Trading advances	(ii)	-	15,716,184,040
<b>Total</b>		<b><u>4,246,933,992,936</u></b>	<b><u>4,696,713,331,994</u></b>

## (i) Margin loans

Margin loans represent the amounts lent to customers for their purchases of listed securities in accordance with Decision 87/2017/QĐ-UBCK issued by the State Securities Commission on 25 January 2017.

## (ii) Trading advances

These are the amounts advanced to customers at the trading date ("T – date advance"). These amounts were refunded within two (2) working days.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

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

## 3.4 Receivables

		As at	
		30.06.2020	31.12.2019
		VND	VND
<b>Receivables from services provided by the Company</b>			
Receivable from securities purchasing	(i)	341,117,660,340	313,839,645,938
Receivable from VSD		169,226,579,754	-
Consultancy service fees receivable		1,424,650,000	1,292,650,000
Other receivables from trading activities		1,061,226,975	2,994,227,613
<b>Total</b>		<b>512,830,117,069</b>	<b>318,126,523,551</b>
<b>Other receivables</b>			
Overdue margin loans	(ii)	37,783,317,946	37,783,317,946
Bank interest receivables		28,339,677,123	40,903,315,045
Others		2,586,434,984	2,601,832,215
<b>Total</b>		<b>68,709,430,053</b>	<b>81,288,465,206</b>

- (i) The receivable as from securities trading as at 30 June 2020 was due from institutional investor.
- (ii) This was residual amount of overdue margin loans after the Company forcedly sold out all of collateral assets to collect the loans. This amount was fully provided.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

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

## 3.5 Provision for doubtful debts

	Doubtful amount		Provision			
	Opening balance VND	Closing balance VND	Opening balance VND	Provided VND	Reversed VND	Closing balance VND
Overdue margin loans	37,783,317,946	37,783,317,946	37,783,317,946	-	-	37,783,317,946
Consultancy service fees receivable	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 PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

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

## 3.6 Fixed assets

(a) *Tangible fixed assets*

	Transportation vehicles VND	Office equipment VND	Total VND
<b>Historical cost</b>			
As at 01.01.2020	4,009,883,640	82,278,913,729	86,288,797,369
New purchases	1,356,240,000	7,979,569,586	9,335,809,586
Disposals	(955,900,000)	(2,551,526,250)	(3,507,426,250)
As at 30.06.2020	<u>4,410,223,640</u>	<u>87,706,957,065</u>	<u>92,117,180,705</u>
<b>Accumulated depreciation</b>			
As at 01.01.2020	2,977,607,065	59,091,024,768	62,068,631,833
Charge for the period	172,975,278	10,533,771,386	10,706,746,664
Disposals	(557,608,333)	(2,551,526,250)	(3,109,134,583)
As at 30.06.2020	<u>2,592,974,010</u>	<u>67,073,269,904</u>	<u>69,666,243,914</u>
<b>Net book value</b>			
As at 01.01.2020	<u>1,032,276,575</u>	<u>23,187,888,961</u>	<u>24,220,165,536</u>
As at 30.06.2020	<u>1,817,249,630</u>	<u>20,633,687,161</u>	<u>22,450,936,791</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

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

## 3.6 Fixed assets (continued)

(b) *Intangible fixed assets*

	Computer software VND
<b>Historical cost</b>	
As at 01.01.2020	69,590,128,018
New purchases	<u>2,185,039,601</u>
As at 30.06.2020	<b><u>71,775,167,619</u></b>
<b>Accumulated depreciation</b>	
As at 01.01.2020	51,920,863,726
Charge for the period	<u>6,175,791,615</u>
As at 30.06.2020	<b><u>58,096,655,341</u></b>
<b>Net book value</b>	
As at 01.01.2020	<u>17,669,264,292</u>
As at 30.06.2020	<b><u>13,678,512,278</u></b>

(c) *Construction in progress*

Construction in progress comprises the following:

	As at	
	30.06.2020	31.12.2019
	VND	VND
Purchases of trading software	9,324,708,097	13,597,128,282
	<u>                    </u>	<u>                    </u>



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)****3.7 Long-term prepaid expenses**

	<b>As at</b>	
	<b>30.06.2020</b>	<b>31.12.2019</b>
	<b>VND</b>	<b>VND</b>
Office rental	85,454,355,675	86,870,726,211
Office renovation	9,237,033,031	6,674,971,837
Consulting fee	3,054,448,193	5,090,746,989
IT costs	1,152,621,955	2,319,039,745
<b>Total</b>	<b>98,898,458,854</b>	<b>100,955,484,782</b>

**3.8 Deposits in the Settlement Supporting Fund**

According to Decision No.45/QD-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 30 June 2020 and as at 31 December 2019, the Company fully contributed the maximum amount.

**3.9 Deposits in the Derivatives trading Settlement Fund**

According to Policy of management and use of Derivatives trading Settlement Fund attached to Decision No.97/QD-VSD dated 23 March 2017 of 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 PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)****3.10 Short-term borrowings**

The movements of short-term borrowings during the period are as follows:

	Interest % per annum	Opening balance VND	Disbursement VND	Repayment VND	Closing balance VND
<b>Short-term borrowings (i)</b>					
Bank borrowings	4,8 – 7,8	2,378,975,000,000	3,670,300,000,000	(4,112,900,000,000)	1,936,375,000,000
Bank overdrafts	6,6 – 7,6	14,752,235,255	5,249,183,907,165	(5,263,936,142,420)	-
<b>Total</b>		<b>2,393,727,235,255</b>	<b>8,919,483,907,165</b>	<b>(9,376,836,142,420)</b>	<b>1,936,375,000,000</b>

(i) Borrowings have maturities from 1 to 3 months and are used for working capital.

The Company had no borrowings from related parties as at 30 June 2020.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)****3.11 Trading obligations**

	As at	
	30.06.2020	31.12.2019
	VND	VND
Advances from investors for securities purchases	113,771,686,286	455,507,692,520
Payables to Stock Exchanges and VSD	10,580,604,604	6,478,153,144
Covered warrant payables	4,180,480,000	14,266,498,303
Trading settlement balances with the Stock Exchanges	-	7,714,529,000
Others	1,734,293,622	3,837,874,466
<b>Total</b>	<b>130,267,064,512</b>	<b>487,804,747,433</b>

**3.12 Tax and other payables to the State budget**

	As at	
	30.06.2020	31.12.2019
	VND	VND
Business income tax – current	37,352,761,180	23,826,556,430
Personal income tax withheld and paid on behalf of employees	2,744,334,138	2,254,066,042
Personal income tax withheld and paid on behalf of investors	12,055,464,177	7,674,988,622
Corporate income tax withheld and paid on behalf of foreign institutions	3,301,572,516	3,366,021,036
Foreign contractor tax	-	643,345,304
Value added tax	220,348,359	172,364,611
<b>Total</b>	<b>55,674,480,370</b>	<b>37,937,342,045</b>

**3.13 Short-term accrued expenses**

	As at	
	30.06.2020	31.12.2019
	VND	VND
Interest expenses	15,562,475,068	12,947,945,342
Allowance for working performance	17,400,000,000	35,000,000,000
Others	7,299,725,103	8,750,384,920
<b>Total</b>	<b>40,262,200,171</b>	<b>56,698,330,262</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

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

## 3.14 Other short-term liabilities

	As at	
	30.06.2020	31.12.2019
	VND	VND
Dividends payable to shareholders	217,147,366,259	155,070,718,509
Business development expenses payables	788,313,897	6,062,313,897
Dividends paid on behalf	2,712,380,980	2,864,711,582
Receipts from investors for their subscriptions of shares from issuers	-	9,460,360,000
Other payables	13,359,988,210	11,385,102,981
<b>Total</b>	<b>234,008,049,346</b>	<b>184,843,206,969</b>

## 3.15 Share capital

## (a) Number of shares

	As at	
	30.06.2020	31.12.2019
	VND	VND
Number of shares registered	305,882,263	305,882,263
Number of shares issued	305,882,263	305,882,263
Number of shares repurchased	(784,450)	(366,090)
Number of existing shares in issue	305,097,813	305,516,173

As at 30 June 2020 and as at 31 December 2019, all of the Company's shares are ordinary shares. Each ordinary share has a par value of VND10,000. Each share is entitled to one vote at meetings of the Company. Shareholders are entitled to receive dividends as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

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

## 3.15 Share capital (continued)

## (b) Movement of share capital

	Ordinary shares
As at 1 January 2019	129,554,168
New shares issued	176,125,505
Treasury shares repurchased	(163,500)
As at 31 December 2019	305,516,173
Treasury shares repurchased	(418,360)
As at 30 June 2020	305,097,813

## 3.16 Undistributed earnings

	As at	
	30.06.2020	31.12.2019
	VND	VND
Realised post-tax profits	601,414,065,175	614,251,440,752
Unrealised losses	87,679,273	(28,771,621,437)
Total	601,501,744,448	585,479,819,315

## 4 NOTES TO OFF STATEMENT OF FINANCIAL POSITION ITEMS

## 4.1 Bad debts written off

	As at	
	30.06.2020	31.12.2019
	VND	VND
Other receivables	345,059,000	345,059,000

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

**4 NOTES TO OFF STATEMENT OF FINANCIAL POSITION ITEMS (continued)****4.2 Foreign currencies**

Included in cash and cash equivalents are balances held in foreign currencies as follows:

	<b>As at</b>	
	<b>30.06.2020</b>	<b>31.12.2019</b>
US Dollar	1,879.11	1,899.62
Japanese Yen	241,915	241,915
Singapore Dollar	844	844
British Pound	4,589.50	1,594.70
Taiwanese 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>30.06.2020</b>	<b>31.12.2019</b>
Quantity issued for 1 year or more (share)	305,097,813	129,390,668
Quantity issued within 1 year (share)	-	176,125,505
<b>Total</b>	<b>305,097,813</b>	<b>305,516,173</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

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

## 4.4 Covered warrant

Ticker symbol	Underlying security	Maturity date	As at 30.06.2020 Covered warrant		
			Number of covered warrants authorised for issue	Number of additional issuance of covered warrants	Number of covered warrants issued
CFPT2006	FPT Telecom JSC (FPT)	29-10-20	5,000,000	111,170	4,888,830
CHPG2009	Hoa Phat Group Joint Stock Company (HPG)	29-10-20	5,000,000	494,550	4,505,450
CMBB2006	Military Commercial Joint - Stock Bank (MBB)	29-10-20	5,000,000	269,180	4,730,820
CMSN2005	Masan Group Corporation (MSN)	29-10-20	5,000,000	125,070	4,874,930
CMWG2008	Mobile World Investment Corporation (MWG)	29-10-20	5,000,000	208,300	4,791,700
CPNJ2005	Phu Nhuan Jewelry Joint Stock Company (PNJ)	29-10-20	5,000,000	176,360	4,823,640
CREE2003	Refrigeration Electrical Engineering Corporation (REE)	29-10-20	5,000,000	112,480	4,887,520
CTCB2006	Technology and Commercial Joint Stock Bank (TCB)	29-10-20	5,000,000	11,240	4,988,760
CVHM2003	Vinhomes Joint Stock Company (VHM)	29-10-20	5,000,000	711,360	4,288,640
CVJC2002	Vietjet Aviation Joint Stock Company (VJC)	29-10-20	5,000,000	90,320	4,909,680
CVNM2005	Vietnam Dairy Products Joint Stock Company (VNM)	29-10-20	5,000,000	108,700	4,891,300
CVPB2007	Vietnam Prosperity Joint Stock Commercial Bank (VPB)	29-10-20	5,000,000	185,660	4,814,340
CVRE2006	Vincom Retail Joint Stock Company (VRE)	29-10-20	5,000,000	232,100	4,767,900
<b>Total</b>			<b>65,000,000</b>	<b>2,836,490</b>	<b>62,163,510</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

## 5 NOTES TO THE STATEMENT OF INCOME

## 5.1 Net realised gains on disposals of FVTPL financial assets

	2 <sup>nd</sup> Quarter		Year to date	
	2020 VND	2019 VND	2020 VND	2019 VND
Realised gains on disposals of FVTPL financial assets	159,249,739,850	133,854,399,173	312,410,353,446	188,117,579,961
Realised losses on disposals of FVTPL financial assets	(75,929,059,902)	(136,266,331,950)	(235,091,602,883)	(180,311,898,209)
<b>Total</b>	<b>83,320,679,948</b>	<b>(2,411,932,777)</b>	<b>77,318,750,563</b>	<b>7,805,681,752</b>

## 5.2 Gains/(losses) from revaluation of FVTPL financial assets and covered warrant

## 5.2a Gains/(losses) from revaluation of FVTPL financial assets

	2 <sup>nd</sup> Quarter		Year to date	
	2020 VND	2019 VND	2020 VND	2019 VND
Gains from revaluation of FVTPL financial assets	9,203,901,346	13,690,491,294	7,876,186,371	10,452,747,719
Losses from revaluation of FVTPL financial assets	11,444,900,014	(3,098,809,640)	27,056,234,671	14,553,749,638
<b>Total</b>	<b>20,648,801,360</b>	<b>10,591,681,654</b>	<b>34,932,421,042</b>	<b>25,006,497,357</b>

## 5.2b Gains/(losses) from revaluation of covered warrant

	2 <sup>nd</sup> Quarter		Year to date	
	2020 VND	2019 VND	2020 VND	2019 VND
Losses from revaluation of outstanding covered warrant payables	(25,145,384,055)	-	(6,073,120,332)	-
Gains from revaluation of outstanding covered warrant payables	-	(24,184,608)	-	(24,184,608)
<b>Total</b>	<b>(25,145,384,055)</b>	<b>(24,184,608)</b>	<b>(6,073,120,332)</b>	<b>(24,184,608)</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

## 5 NOTES TO THE STATEMENT OF INCOME (continued)

## 5.2 Gains/(losses) from revaluation of FVTPL financial assets and covered warrant (continued)

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

	Cost VND	Market value/ fair value VND	Accumulated revaluation gains/(losses) 30.06.2020 VND	Accumulated revaluation gains/(losses) 31.12.2019 VND	Credited/ (charged) to statement of income VND
Listed shares and shares traded on UPCoM	31,503,006,912	16,087,540,895	(15,415,466,017)	(39,721,500,379)	24,306,034,362
Underlying assets designated as hedges for covered warrants	17,035,220,371	17,129,853,100	94,632,729	(808,671,334)	903,304,063
Unlisted and unregistered shares	9,849,000,000	334,084,000	(9,514,916,000)	(14,175,502,000)	4,660,586,000
Listed bond	575,622,227,077	599,978,691,839	24,356,464,762	19,521,519,660	4,834,945,102
Certificates	21,910,610,916	22,140,367,460	229,756,544	2,205,029	227,551,515
<b>Total</b>	<b>655,920,065,276</b>	<b>655,670,537,294</b>	<b>(249,527,982)</b>	<b>(35,181,949,024)</b>	<b>34,932,421,042</b>

## b Details of gains/(losses) from revaluation of covered warrants are as follows:

	Cost VND	Market value/ fair value VND	Accumulated revaluation gains/(losses) 30.06.2020 VND	Accumulated revaluation gains/(losses) 31.12.2019 VND	Credited/ (charged) to statement of income VND
Covered warrants	4,517,687,255	4,180,480,000	337,207,255	6,410,327,587	(6,073,120,332)
<b>Total</b>	<b>4,517,687,255</b>	<b>4,180,480,000</b>	<b>337,207,255</b>	<b>6,410,327,587</b>	<b>(6,073,120,332)</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

## 5 NOTES TO THE STATEMENT OF INCOME (continued)

## 5.3 Operating expenses not related to financial assets

	2 <sup>nd</sup> Quarter		Year to date	
	2020 VND	2019 VND	2020 VND	2019 VND
<b>Proprietary trading activities</b>	<b>9,938,062,408</b>	<b>6,890,636,339</b>	<b>17,702,207,043</b>	<b>11,965,558,852</b>
Staff costs	1,377,396,763	1,228,437,297	2,415,545,393	2,332,499,797
Brokerage fee	3,081,642,910	3,965,331,946	4,469,824,502	5,913,235,736
Depreciation and amortisation	383,419,673	372,780,547	766,839,346	745,561,095
Outsourcing expenses	1,973,872,427	282,797,858	4,350,214,113	564,435,158
Allocated expenses	3,121,730,635	1,041,288,691	5,699,783,689	2,409,827,066
<b>Brokerage fee expenses</b>	<b>97,161,388,587</b>	<b>91,239,514,812</b>	<b>179,401,547,738</b>	<b>175,080,063,527</b>
Staff costs	41,821,069,042	36,109,466,142	75,038,018,257	71,777,796,127
Brokerage fee	30,417,263,056	26,062,401,284	54,234,780,646	47,733,420,248
Depreciation and amortisation	2,979,940,203	2,194,654,290	5,937,457,107	4,356,932,625
Outsourcing expenses	11,220,745,909	14,147,476,398	22,150,630,232	26,459,940,481
Office rental expenses	7,049,070,978	8,699,561,064	14,267,885,718	17,256,595,267
Allocated expenses	3,673,299,399	4,025,955,634	7,772,775,778	7,495,378,779
<b>Custody service expenses</b>	<b>1,844,194,521</b>	<b>1,907,258,630</b>	<b>3,821,490,168</b>	<b>4,235,601,166</b>
<b>Financial consultancy service expenses</b>	<b>3,663,308,179</b>	<b>5,052,684,079</b>	<b>7,608,527,616</b>	<b>9,231,125,139</b>
Staff costs	3,265,981,819	3,298,223,941	6,485,427,029	6,235,700,610
Outsourcing expenses	397,326,360	1,754,460,138	1,123,100,587	2,995,424,529
<b>Other operating expenses</b>	<b>811,591,473</b>	<b>712,659,465</b>	<b>1,597,036,965</b>	<b>1,360,729,054</b>
<b>Total</b>	<b><u>113,418,545,168</u></b>	<b><u>105,802,753,325</u></b>	<b><u>210,130,809,530</u></b>	<b><u>201,873,077,738</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

## 5 NOTES TO THE STATEMENT OF INCOME (continued)

## 5.4 General and administration expenses

	2 <sup>nd</sup> Quarter		Year to date	
	2020 VND	2019 VND	2020 VND	2019 VND
Staff costs	31,311,348,458	26,326,113,336	60,286,232,458	53,123,758,684
Office rental expenses	2,487,651,875	2,878,143,059	4,965,895,462	5,906,788,513
Outsourcing expenses	6,680,171,585	6,589,469,390	16,357,319,156	14,624,775,275
Depreciation and amortisation	3,498,892,737	3,114,149,346	6,853,992,110	6,073,075,644
Tax and other fees	99,423,882	69,730,144	187,079,751	276,066,853
Office tools and supplies	562,017,169	447,537,153	966,618,296	810,417,033
Other administrative expenses	2,222,999,450	1,363,336,403	4,729,139,746	3,174,649,194
<b>Total</b>	<b><u>46,862,505,156</u></b>	<b><u>40,788,478,831</u></b>	<b><u>94,346,276,979</u></b>	<b><u>83,989,531,196</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

## 6 RELATED PARTIES DISCLOSURES

Identified related parties and relationships are presented below:

<u>Related party</u>	<u>Relationship</u>
Dragon Capital Markets Limited (DC)	Strategic shareholder – holding 29,96% of share capital The Company's Vice Chairman of the Board of Directors is the Director, cum the member of the Board Directors of DC Group The Company's member of the Board of Directors is Director of DC Group The Company's member of the Board of Directors is representative for DC's shares
Ho Chi Minh Finance and Investment State-owned Company (HFIC)	Strategic shareholder – holding 28,61% of share capital The Company's Vice Chairman of the Board of Directors is the Deputy Director of HFIC The Company's member of the Board of Directors is Head of Investment Department at HFIC
Board of Directors and Board of Management	Key management

(a) *Related party transactions in Q2/2020*

<u>Related party</u>	<u>Transactions</u>	<u>Current period VND</u>
Compensation of key management	Gross salaries and other benefits in Q2/2020	7,955,270,780

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

<u>Related party</u>	<u>Transactions</u>	<u>Current period VND</u>
Ho Chi Minh Finance and Investment State-owned Company (HFIC)	Deposits for securities trading	25,113,372



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

**7 SEGMENT INFORMATION**

**(a) *Geographical segments***

The principal activities of the Company are carried within Vietnam territory. Risks and returns of the Company are not materially affected by distinctions between geographical areas. On this ground, the Board of Management determines that the Company has only one geographical segment.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

## 7 SEGMENT INFORMATION (continued)

## (b) Business activity segments

Information of segment income and expenses based on the activities of the Company are as follows:

	For the period ended 30 June 2020				
	Brokerage and services VND	Trading VND	Lending VND	Consultancy VND	Total VND
Revenue and income (*)	263,005,133,550	397,090,932,359	221,833,052,132	3,747,498,824	885,676,616,865
Expenses	(184,820,074,870)	(225,737,575,255)	(60,762,662,969)	(7,608,527,616)	(478,928,840,710)
<i>In which:</i>					
<i>Direct cash expenses</i>	(162,050,583,453)	(239,684,024,205)	(60,762,662,969)	(7,567,350,950)	(470,064,621,577)
<i>Total amount of significant non-cash     expenses, other than depreciation,     amortisation and allocation of     prepaid expenses</i>	-	27,056,234,671	-	-	27,056,234,671
<i>Total depreciation and amortisation of     fixed assets</i>	(5,937,457,107)	(766,839,346)	-	(41,176,666)	(6,745,473,119)
<i>Allocation of long-term and short-term     prepaid expenses</i>	(16,832,034,310)	(12,342,946,375)	-	-	(29,174,980,685)
Segment result	<u>78,185,058,680</u>	<u>171,353,357,104</u>	<u>161,070,389,163</u>	<u>(3,861,028,792)</u>	<u>406,747,776,155</u>
Net financial income					1,406,342,587
Net other income					54,708,333
General and administration expenses					(94,346,276,979)
Operating result					313,862,550,096

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

## 7 SEGMENT INFORMATION (continued)

## (b) Business activity segments (continued)

	For the period ended 30 June 2019				
	Brokerage and services VND	Trading VND	Lending VND	Consultancy VND	Total VND
Revenue and income (*)	244,816,671,507	242,926,121,403	240,220,288,130	34,833,742,068	762,796,823,108
Expenses	(180,676,393,748)	(177,747,892,031)	(74,718,178,055)	(9,231,125,139)	(442,373,588,973)
In which:					
Direct cash expenses	(154,574,233,029)	(187,308,140,526)	(74,718,178,055)	(9,194,379,029)	(425,794,930,639)
Total amount of significant non-cash expenses, other than depreciation, amortisation and allocation of prepaid expenses	-	14,529,565,030	-	-	14,529,565,030
Total depreciation and amortisation of fixed assets	(4,356,932,625)	(745,561,095)	-	(36,746,110)	(5,139,239,830)
Allocation of long-term and short-term prepaid expenses	(21,745,228,094)	(4,223,755,440)	-	-	(25,968,983,534)
Segment result	64,140,277,759	65,178,229,372	165,502,110,075	25,602,616,929	320,423,234,135
Net financial income					1,753,663,447
Net other income					18,386,364
General and administration expenses					(83,989,531,196)
Operating result					238,205,752,750

(\*) 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 PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

## 7 SEGMENT INFORMATION (continued)

## (b) Business activity segments (continued)

Information of segment assets and liabilities based on the activities of the Company are as follows:

	As at 30 June 2020					
	Brokerage and services VND	Trading VND	Lending VND	Consultancy VND	Unallocated VND	Total VND
Segment assets	643,893,633,656	663,329,849,850	5,368,418,033,411	2,307,352,482	-	6,677,948,869,399
Unallocated assets	-	-	-	-	64,690,606,396	64,690,606,396
Total assets	<u>643,893,633,656</u>	<u>663,329,849,850</u>	<u>5,368,418,033,411</u>	<u>2,307,352,482</u>	<u>64,690,606,396</u>	<u>6,742,639,475,795</u>
Segment liabilities	133,129,498,077	-	1,951,937,475,068	-	-	2,085,066,973,145
Unallocated liabilities	-	-	-	-	343,264,578,378	343,264,578,378
Total liabilities	<u>133,129,498,077</u>	<u>-</u>	<u>1,951,937,475,068</u>	<u>-</u>	<u>343,264,578,378</u>	<u>2,428,331,551,523</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

## 7 SEGMENT INFORMATION (continued)

## (b) Business activity segments (continued)

As at 30 June 2019						
	Brokerage and services VND	Trading VND	Lending VND	Consultancy VND	Unallocated VND	Total VND
Segment assets	458,588,685,137	1,316,457,115,775	5,647,303,334,297	2,426,071,426	-	7,424,775,206,635
Unallocated assets	-	-	-	-	63,892,622,713	63,892,622,713
Total assets	458,588,685,137	1,316,457,115,775	5,647,303,334,297	2,426,071,426	63,892,622,713	7,488,667,829,348
Segment liabilities	491,960,004,500	-	2,406,675,180,597	-	-	2,898,635,185,097
Unallocated liabilities	-	-	-	-	285,900,405,112	285,900,405,112
Total liabilities	491,960,004,500	-	2,406,675,180,597	-	285,900,405,112	3,184,535,590,209

## 8 COMPARATIVE FIGURES

Certain comparative figures have been restated and reclassified to conform to the current year's presentation, specifically presented as belows:

## Statement of Financial Position

		As at 31.12.2019		
Code	ITEMS	Previously reported	Restatement/ reclassification (*)	Restated
112	Financial assets at fair value through profit or loss (FVTPL)	1,286,632,864,648	19,521,519,660	1,306,154,384,308
122	Other receivables	100,809,984,866	(19,521,519,660)	81,288,465,206
417.1	Realised post-tax profits	633,772,960,412	(19,521,519,660)	614,251,440,752
417.2	Unrealised losses	(48,293,141,097)	19,521,519,660	(28,771,621,437)

(\*) Reclassify revaluation of the market value of bonds which being recorded as financial assets at fair value through profit or loss ("FVTPL") to correct line on the report

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 01 JANUARY 2020 TO 30 JUNE 2020

## 8 COMPARATIVE FIGURES (continued)

## Statement of income

Code	ITEMS	2 <sup>nd</sup> Quarter			Year to date		
		Previously reported VND	Restatement/ Reclassification (*) VND	Restated VND	Previously reported VND	Restatement/ Reclassification (*) VND	Restated VND
	<b>OPERATING INCOME</b>						
01.1	Realised gains on disposals of FVTPL financial assets	137,811,265,927	(3,956,866,754)	133,854,399,173	196,677,129,176	(8,559,549,215)	188,117,579,961
03	Interest income from loans and receivables	131,161,835,825	3,010,399,064	134,172,234,889	233,785,625,058	6,434,663,072	240,220,288,130
06	Brokerage fee income	126,652,415,657	946,467,690	127,598,883,347	237,818,436,480	2,124,886,143	239,943,322,623
	<b>OPERATING EXPENSES</b>						
26	Self-trading expenses	20,814,226,279	(13,923,589,940)	6,890,636,339	38,206,755,439	(26,241,196,587)	11,965,558,852
27	Brokerage fee expenses	79,686,825,832	11,552,688,980	91,239,514,812	152,997,081,044	22,082,982,484	175,080,063,528
31	Financial consultancy expenses	3,293,729,191	1,758,954,888	5,052,684,079	6,222,488,360	3,008,636,779	9,231,125,139
33	Other operating expenses	100,713,393	611,946,072	712,659,465	211,151,730	1,149,577,324	1,360,729,054

(\*) Reclassify interest from loans and receivables, brokerage fee income to correct line on the report.

Prepared by



Le Thi Thuy Duong

Chief Financial Officer



Lam Huu Ho



20 July 2020

Chief Executive Officer



Trinh Hoai Giang