

**VIET DRAGON SECURITIES CORPORATION**

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



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FOR THE YEAR ENDED 31 DECEMBER 2019**

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# VIET DRAGON SECURITIES CORPORATION

## CORPORATE INFORMATION

### Establishment and operation licence

No. 32/UBCK-GPHĐKD issued by the State Securities Commission on 21 December 2006. The Establishment and operation licence was amended several times and the latest amendment No. 56/GPĐC-UBCK was issued on 2 August 2018.

### Board of Directors

Mr. Tran Le Nguyen	Chairman
Mr. Nguyen Mien Tuan	Vice Chairman
Mr. Nguyen Hieu	Member
Mr. Kelly Yin Hon Wong	Member
Ms. Pham My Linh	Member
Mr. Vo Long Nguyen	Member
Mr. Nguyen Quoc Bao	Member

### Board of Supervision

Ms. Nguyen Thi Oanh	Chief Supervisor
Mr. Nguyen Thuc Vinh	Member
Mr. Nguyen Van Minh	Member

### Key management

#### **Board of Management**

Mr. Nguyen Hieu	General Director
Mr. Nguyen Minh Nhut	Deputy General Director
Mr. Nguyen Chi Trung	Deputy General Director
Ms. Nguyen Thi Thu Huyen	Deputy General Director

#### **Other key management**

Mr. Le Minh Hien	Chief Finance Officer - cum Chief Accountant
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### Legal Representative

Mr. Tran Le Nguyen	Chairman
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### Registered office

1st-2nd-3rd-4th Floors, Viet Dragon Building  
141 Nguyen Du Street, District 1  
Ho Chi Minh City, Vietnam

### Auditor

PwC (Vietnam) Limited

## VIET DRAGON SECURITIES CORPORATION

### STATEMENT OF RESPONSIBILITY OF THE COMPANY'S LEGAL REPRESENTATIVE IN RESPECT OF THE FINANCIAL STATEMENTS

The Legal Representative has authorized the Board of Management of Viet Dragon Securities Corporation ("the Company") to be responsible for preparing the financial statements which give a true and fair view of the financial position of the Company as at 31 December 2019 and of the results of its operations, cash flows and changes in equity for the year then ended. In preparing these financial statements, the Board of Management is required to:

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

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

### APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements as set out on pages 5 to 74 which give a true and fair view of the financial position of the Company as at 31 December 2019 and of the results of its operations, cash flows and changes in equity for the year then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and prevailing regulations on preparation and presentation of financial statements applicable to securities companies operating in Vietnam.

On behalf of the Board of Management



Nguyen Hieu  
General Director  
Authorised Signatory

Ho Chi Minh City, Vietnam  
10 March 2020



## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VIET DRAGON SECURITIES CORPORATION**

We have audited the accompanying financial statements of Viet Dragon Securities Corporation ("the Company") which were prepared on 31 December 2019 and approved by the Board of Management on 10 March 2020. The financial statements comprise the statement of financial position as at 31 December 2019, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and explanatory notes to the financial statements including significant accounting policies, as set out on pages 5 to 74.

### **The Board of Management' Responsibility**

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

### **Auditor's Responsibility**

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

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

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

### Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, the results of its operations, cash flows and changes in equity for the year then ended, in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and prevailing regulations on preparation and presentation of financial statements applicable to securities companies operating in Vietnam.

### Other Matter

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

### For and on behalf of PwC (Vietnam) Limited



Nguyen Hoang Nam  
Audit Practising Licence No.  
0849-2018-006-1  
Authorised signatory



Tram Tu Mai Anh  
Audit Practising Licence No.  
3546-2017-006-1

Report reference number: HCM8825  
Ho Chi Minh City, 10 March 2020

## STATEMENT OF FINANCIAL POSITION

Code	ITEMS	Note	As at	
			31.12.2019 VND	31.12.2018 VND
<b>ASSETS</b>				
<b>100</b>	<b>CURRENT ASSETS</b>		<b>2,245,757,277,083</b>	<b>1,880,837,990,128</b>
<b>110</b>	<b>Financial assets</b>		<b>2,243,543,455,396</b>	<b>1,873,348,069,169</b>
111	Cash and cash equivalents	3.1	300,264,521,223	71,744,099,797
111.1	<i>Cash</i>		300,264,521,223	71,744,099,797
112	Financial assets at fair value through profit or loss ("FVTPL")	3.2	340,067,915,810	222,036,422,110
114	Loans	3.3	1,633,196,291,178	1,585,365,383,073
116	Provisions for impairment loss of financial assets and collaterals	3.3	(44,087,380,995)	(27,288,622,415)
117	Receivables	3.4	3,707,319,372	3,539,330,720
117.2	<i>Dividend and interest receivables</i>		3,707,319,372	3,539,330,720
117.3	<i>Due dividend and interest receivables</i>		182,689,012	-
117.4	<i>Dividend and interest receivables not yet due</i>		3,524,630,360	3,539,330,720
118	Prepayments to suppliers		356,427,510	597,735,273
119	Services-related receivables	3.4	10,038,311,298	17,349,672,513
122	Other receivables	3.4	1,978,258,478	1,982,256,576
129	Provision for doubtful debts	3.4	(1,978,208,478)	(1,978,208,478)
<b>130</b>	<b>Other current assets</b>		<b>2,213,821,687</b>	<b>7,489,920,959</b>
131	Advances to employees	3.5	441,766,666	2,547,968,621
132	Office tools and supplies	3.5	8,963,900	62,271,700
133	Short-term prepaid expenses	3.5	1,736,903,445	3,074,807,176
134	Short-term security deposits	3.5	21,400,000	21,400,000
136	Tax and other receivables from the State	3.14	4,787,676	1,783,473,462
<b>200</b>	<b>NON-CURRENT ASSETS</b>		<b>53,788,230,614</b>	<b>51,499,766,728</b>
<b>220</b>	<b>Fixed assets</b>		<b>18,982,269,642</b>	<b>14,618,771,551</b>
221	Tangible fixed assets	3.6(a)	12,024,721,719	12,135,495,992
222	<i>Historical cost</i>		48,409,028,110	43,903,688,535
223a	<i>Accumulated depreciation</i>		(36,384,306,391)	(31,768,192,543)
227	Intangible fixed assets	3.6(b)	6,957,547,923	2,483,275,559
228	<i>Historical cost</i>		19,837,349,791	13,764,088,791
229a	<i>Accumulated amortisation</i>		(12,879,801,868)	(11,280,813,232)
<b>240</b>	<b>Construction in progress</b>	3.7	-	<b>3,218,325,000</b>
<b>250</b>	<b>Other non-current assets</b>		<b>34,805,960,972</b>	<b>33,662,670,177</b>
251	Long-term security deposits	3.8	3,127,076,384	3,127,076,384
252	Long-term prepaid expenses	3.9	1,678,884,588	1,641,938,127
254	Deposits in the Settlement Supporting Fund	3.10	20,000,000,000	18,893,655,666
255	Other non-current assets	3.11	10,000,000,000	10,000,000,000
<b>270</b>	<b>TOTAL ASSETS</b>		<b>2,299,545,507,697</b>	<b>1,932,337,756,856</b>

The notes on pages 16 to 74 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION  
(continued)

Code	ITEMS	Note	As at	
			31.12.2019 VND	31.12.2018 VND
<b>300</b>	<b>LIABILITIES</b>		<b>1,254,101,248,536</b>	<b>821,438,859,650</b>
<b>310</b>	<b>Current liabilities</b>		<b>1,253,304,856,662</b>	<b>820,947,212,327</b>
311	Short-term borrowings and finance lease liabilities			
312	<i>Short-term borrowings</i>	3.12	165,900,000,000	216,300,000,000
316	Short-term issued bonds	3.12	879,940,000,000	581,674,000,000
318	Trading obligations	3.13	1,020,694,969	1,462,093,407
320	Short-term trade payable	3.14	155,595,607,707	167,554,100
321	Short-term customers' advances		1,098,800,000	744,200,000
322	Tax and other payables to the State	3.15	4,425,764,860	5,447,743,588
323	Payables to employees		3,699,053,756	176,546,755
325	Short-term accrued expenses	3.16	8,001,154,487	14,254,810,696
329	Other short-term payables	3.17	33,623,780,883	720,263,781
<b>340</b>	<b>Non-current liabilities</b>		<b>796,391,874</b>	<b>491,647,323</b>
353	Other long-term payables		714,983,000	436,145,500
356	Deferred income tax liabilities	3.18	81,408,874	55,501,823
<b>400</b>	<b>OWNERS' EQUITY</b>		<b>1,045,444,259,161</b>	<b>1,110,898,897,206</b>
<b>410</b>	<b>Owners' equity</b>	3.19	<b>1,045,444,259,161</b>	<b>1,110,898,897,206</b>
411	Owners' capital		1,010,239,178,792	1,010,239,178,792
411.1	Share capital		1,000,999,060,000	1,000,999,060,000
411.1a	<i>Ordinary shares with voting rights</i>		<i>1,000,999,060,000</i>	<i>1,000,999,060,000</i>
411.2	Share premiums		9,240,118,792	9,240,118,792
414	Supplementary capital reserve		15,356,644,767	13,624,381,369
415	Financial and operational risk reserve		15,356,644,767	13,624,381,369
417	Undistributed earnings	3.20	4,491,790,835	73,410,955,676
417.1	<i>Realised profits after tax</i>		<i>78,465,916,697</i>	<i>148,478,416,393</i>
417.2	<i>Unrealised losses</i>		<i>(73,974,125,862)</i>	<i>(75,067,460,717)</i>
<b>440</b>	<b>TOTAL RESOURCES</b>		<b>2,299,545,507,697</b>	<b>1,932,337,756,856</b>

The notes on pages 16 to 74 are an integral part of these financial statements.



## OFF STATEMENT OF FINANCIAL POSITION ITEMS

Code	ITEMS	Note	As at	
			31.12.2019	31.12.2018
<b>A</b>	<b>ASSETS OF THE COMPANY AND ASSETS UNDER ENTRUSTMENT</b>			
			<b>Quantity</b>	
006	Number of shares in issue (shares)	4.1	100,099,906	100,099,906
			<b>Par value (VND)</b>	
008	Securities listed/registered at Vietnam Securities Depository (VSD)		130,133,680,000	127,015,730,000
	<i>Freely traded securities</i>		130,133,410,000	127,015,730,000
	<i>Restricted transfer securities</i>		270,000	-
009	Securities in custody of VSD and not yet traded		3,070,000	3,090,000
	<i>Freely traded securities</i>		2,990,000	3,090,000
	<i>Securities to be freely traded</i>		80,000	-
010	Securities purchased and awaiting settlement		54,484,400,000	-
012	Securities not in custody of VSD		4,500,200,000	9,592,580,000
013	Rights		220,000	822,980,000
<b>B</b>	<b>ASSETS OF AND LIABILITIES TO CUSTOMERS</b>			
			<b>Quantity</b>	
021	Securities listed/registered at the Vietnam Securities Depository (VSD)		1,268,708,605	991,062,625
021.1	<i>Freely traded securities</i>		915,305,088	691,654,714
021.2	<i>Restricted securities</i>		12,676,824	6,072,633
021.3	<i>Pledged securities</i>		225,724,678	191,454,831
021.4	<i>Suspended securities</i>		90,286,355	74,286,355
021.5	<i>Securities awaiting settlement</i>		24,715,510	27,593,680
021.7	<i>Customers' deposits for derivatives trading</i>		150	412
022	Securities in custody of VSD and not yet traded		5,198,413	3,110,126
022.1	<i>Securities in custody of VSD and not yet traded – freely traded securities</i>		5,198,413	2,806,126
022.2	<i>Securities in custody of VSD and not yet traded – restricted securities</i>		-	304,000
023	Securities purchased and awaiting settlement		13,182,390	31,425,272
025	Rights		2,341,727	1,258,695

The notes on pages 16 to 74 are an integral part of these financial statements.

OFF STATEMENT OF FINANCIAL POSITION ITEMS  
(continued)

Code	ITEMS	As at	
		31.12.2019 VND	31.12.2018 VND
<b>B</b>	<b>ASSETS OF AND LIABILITIES TO CUSTOMERS (continued)</b>	<b>Value (VND)</b>	
026	Customers' deposits	319,843,095,175	772,514,226,857
027	Customers' deposits for securities trading	318,353,715,761	632,391,680,951
027.1	Customers' deposits at VSD	4,734,497,646	12,786,914,195
029	Cash blocked for trading settlements	1,311,732,093	128,763,551,154
029.1	<i>Cash blocked for trading settlements of domestic customers</i>	511,556,652	128,616,469,545
029.2	<i>Cash blocked for trading settlements of foreign customers</i>	800,175,441	147,081,609
030	Cash of securities issuers	177,647,321	11,358,994,752
031	Payables to customers relating to their deposits at the Company for securities trading	317,358,638,989	770,016,299,091
031.1	<i>Payables to domestic customers relating to their deposits at the Company for securities trading</i>	316,959,015,244	769,893,104,544
032.2	<i>Payables to foreign customers relating to their deposits at the Company for securities trading</i>	399,623,745	123,194,547
035	Payables for dividends, bond principals and coupons payments on behalf	2,484,456,186	2,497,927,766



Duong Kim Chi  
Preparer



Le Minh Hien  
Chief Accountant



Nguyen Hieu  
General Director  
Authorised signatory  
10 March 2020

The notes on pages 16 to 74 are an integral part of these financial statements.

## STATEMENT OF COMPREHENSIVE INCOME

Code	ITEMS	Note	For the year ended	
			31.12.2019 VND	31.12.2018 VND
	<b>OPERATING INCOME</b>			
01	Income from FVTPL financial assets		19,719,265,403	82,876,555,054
01.1	<i>Realised gains on disposals of FVTPL financial assets</i>	5.1(a)	11,246,570,851	92,462,610,942
01.2	<i>Increase/(decrease) in revaluation gains of FVTPL financial assets</i>	5.1(b)	129,535,257	(15,060,296,602)
01.3	<i>Dividends and interest income from FVTPL financial assets</i>		8,343,159,295	5,474,240,714
03	Interest income from loans and receivables		223,896,023,400	210,282,054,604
06	Brokerage fee income		76,525,080,707	112,169,672,813
09	Custody service income		7,419,981,985	8,665,556,303
10	Financial consultancy service income		2,507,836,365	4,070,681,819
11	Other operating income		1,829,173,985	1,242,244,757
<b>20</b>	<b>TOTAL OPERATING INCOME</b>		<b>331,897,361,845</b>	<b>419,306,765,350</b>
	<b>OPERATING EXPENSES</b>			
21	Losses from FVTPL financial assets		(21,932,576,278)	(81,710,746,131)
21.1	<i>Realised losses on disposal of FVTPL financial assets</i>	5.1(a)	(22,896,375,876)	(17,073,202,701)
21.2	<i>(Decrease)/increase in revaluation losses of FVTPL financial assets</i>	5.1(b)	963,799,598	(64,637,543,430)
24	Provisions for financial assets, losses on bad debts, impairment losses of financial assets and interest expenses associated with loans	5.2	(113,660,367,674)	(87,764,645,546)
26	Proprietary trading activities	5.3	(1,940,079,387)	(1,920,032,384)
27	Brokerage fee expenses	5.3	(70,612,687,417)	(83,336,331,858)
28	Underwriting expenses and placing fee expenses	5.3	-	(2,200,000)
29	Investment consultancy service expenses	5.3	(2,829,292,095)	(1,720,375,520)
30	Custody service expenses	5.3	(7,638,968,448)	(8,518,171,532)
31	Financial consultancy service expenses	5.3	(10,003,111,723)	(7,809,400,711)
32	Other operating expenses	5.3	(10,167,978,989)	(9,834,267,974)
<b>40</b>	<b>TOTAL OPERATING EXPENSES</b>		<b>(238,785,062,011)</b>	<b>(282,616,171,656)</b>

The notes on pages 16 to 74 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME  
(continued)

Code	ITEMS	Note	For the year ended	
			31.12.2019 VND	31.12.2018 VND
	<b>FINANCIAL INCOME</b>			
41	Foreign exchange gains		210,000,000	378,444,203
42	Dividend income and interest income from demand deposits		11,152,538,868	14,406,934,398
<b>50</b>	<b>TOTAL FINANCIAL INCOME</b>		<b>11,362,538,868</b>	<b>14,785,378,601</b>
	<b>FINANCIAL EXPENSES</b>			
51	Foreign exchange losses		(781,000,000)	(1,989,621,703)
<b>60</b>	<b>TOTAL FINANCIAL EXPENSES</b>		<b>(781,000,000)</b>	<b>(1,989,621,703)</b>
<b>62</b>	<b>GENERAL AND ADMINISTRATION EXPENSES</b>	5.4	<b>(61,233,045,417)</b>	<b>(64,423,881,395)</b>
<b>70</b>	<b>OPERATING RESULT</b>		<b>42,460,793,285</b>	<b>85,062,469,197</b>
	<b>OTHER INCOME AND EXPENSES</b>			
71	Other income		58,016,726	69,899,577
72	Other expense		(15,675,995)	(333,085)
<b>80</b>	<b>NET OTHER INCOME</b>		<b>42,340,731</b>	<b>69,566,492</b>
<b>90</b>	<b>NET ACCOUNTING PROFIT BEFORE TAX</b>		<b>42,503,134,016</b>	<b>85,132,035,689</b>
91	Realised profit		41,409,799,161	164,829,875,721
92	Unrealised profit/(loss)		1,093,334,855	(79,697,840,032)
<b>100</b>	<b>BUSINESS INCOME TAX</b>	5.5	<b>(7,857,866,061)</b>	<b>(16,451,053,273)</b>
100.1	Business income tax – current		(7,831,959,010)	(19,463,112,593)
100.2	Business income tax – deferred		(25,907,051)	3,012,059,320
<b>200</b>	<b>NET PROFIT AFTER TAX</b>		<b>34,645,267,955</b>	<b>68,680,982,416</b>

The notes on pages 16 to 74 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME  
(continued)

Code	ITEMS	Note	For the year ended	
			31.12.2019 VND	31.12.2018 VND
<b>500</b>	<b>EARNINGS PER SHARE</b>			
501	Basic earnings per share (VND/share)	5.6	346	686
502	Diluted earnings per share (VND/share)	5.6	346	686



Duong Kim Chi  
Preparer



Le Minh Hien  
Chief Accountant



Nguyen Hieu  
General Director  
Authorised signatory  
10 March 2020



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

Code	ITEMS	For the year ended	
		31.12.2019 VND	31.12.2018 VND
	<b>Cash flows from operating activities</b>		
01	Net profit before tax	42,503,134,016	85,132,035,689
02	Adjustments for:	8,229,002,824	(11,983,466,906)
03	Depreciation and amortisation	6,215,102,484	6,556,378,882
04	Provisions/(reversal of provisions)	16,798,758,580	(498,580,670)
05	Unrealised foreign exchange losses/(gains)	75,000,000	(95,000,000)
07	Gains from investing activities	(11,152,538,868)	(14,406,934,398)
08	Accrued interest income	(3,707,319,372)	(3,539,330,720)
10	<b>Changes in non-cash expenses</b>	<b>(963,799,598)</b>	<b>64,637,543,430</b>
11	(Decrease)/increase in revaluation losses of FVTPL financial assets	(963,799,598)	64,637,543,430
18	<b>Changes in non-cash income</b>	<b>(129,535,257)</b>	<b>15,060,296,602</b>
19	(Increase)/decrease in revaluation gains of financial assets at fair value through profit or loss FVTPL	(129,535,257)	15,060,296,602
30	<b>Changes in working capital</b>	<b>(7,528,704,552)</b>	<b>(348,066,781,358)</b>
31	Increase in FVTPL financial assets	(116,938,158,845)	(34,403,163,162)
33	Increase in loans	(47,830,908,105)	(272,743,400,277)
35	Decrease in receivables from disposals of financial assets	-	182,710,000
36	Decrease in dividend and interest receivable	3,539,330,720	2,654,903,636
37	Decrease/(increase) in services-related receivables	7,311,361,215	(9,449,289,750)
39	Decrease in other receivables	245,305,861	1,475,553,129
40	Decrease/(increase) in other assets	3,938,195,541	(3,911,974,106)
41	(Decrease)/increase in accrued expenses (exclusive of interest expenses)	(6,253,656,209)	3,966,378,453
42	Decrease/(increase) in prepaid expenses	1,300,957,270	(1,443,878,209)
43	Business income tax paid	(6,030,678,843)	(25,736,372,165)
45	Increase in trade payables	153,853,128,607	3,129,559
47	(Decrease)/increase in tax and other payables to the State (excluding business income tax paid)	(2,823,258,895)	3,529,030,737
48	Increase in payables to employees	3,522,507,001	168,750,000
50	(Decrease)/increase in other payables	(256,485,536)	140,840,797
52	Other payments for operating activities	(1,106,344,334)	(12,500,000,000)
60	<b>Net cash inflows from/(outflows for) operating activities</b>	<b>42,110,097,433</b>	<b>(195,220,372,543)</b>
	<b>Cash flows from investing activities</b>		
61	Cash paid for purchases of fixed assets	(5,785,350,575)	(8,925,706,100)
65	Proceeds from dividends and profit distributions from long-term investments	11,152,538,868	14,406,934,398
70	<b>Net cash inflows from investing activities</b>	<b>5,367,188,293</b>	<b>5,481,228,298</b>

The notes on pages 16 to 74 are an integral part of these financial statements.

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

Code	ITEMS	Note	For the year ended	
			31.12.2019 VND	31.12.2018 VND
	<b>Cash flows from financing activities</b>			
73	Proceeds from borrowings	6.2	3,263,787,000,000	2,786,498,830,000
74	Repayments of principals of borrowings	6.3	(3,015,996,000,000)	(2,763,122,998,895)
76	Payment of dividend/profit distribution	3.17	(66,747,864,300)	(766,539,000)
<b>80</b>	<b>Net cash inflows from financing activities</b>		<b>181,043,135,700</b>	<b>22,609,292,105</b>
<b>90</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>228,520,421,426</b>	<b>(167,129,852,140)</b>
<b>101</b>	<b>Cash and cash equivalents at beginning of year</b>		<b>71,744,099,797</b>	<b>238,873,951,937</b>
101.1	Cash		71,744,099,797	238,873,951,937
101.2	Cash equivalents		-	-
<b>103</b>	<b>Cash and cash equivalents at end of year</b>		<b>300,264,521,223</b>	<b>71,744,099,797</b>
103.1	Cash		300,264,521,223	71,744,099,797
103.2	Cash equivalents		-	-

The notes on pages 16 to 74 are an integral part of these financial statements.

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

**CASH FLOWS OF BROKERAGE AND ENTRUSTMENT ACTIVITIES**

Code	ITEMS	For the year ended	
		31.12.2019 VND	31.12.2018 VND
	<b>Cash flows of brokerage and entrustment activities</b>		
01	Brokerage trading proceeds	5,091,538,089,733	6,857,795,298,521
02	Brokerage trading payments	(5,218,989,908,794)	(6,729,891,054,882)
07	Receipts for settlement of customers' transactions	53,063,070,348,473	50,026,329,150,934
07.1	Net deposit in customers' margin accounts at VSD for derivative trading	271,267,021,739	69,650,516,518
08	Payments for customers' securities transactions	(53,648,375,335,402)	(49,875,285,182,744)
14	Proceeds of securities issuers	1,007,983,028,864	762,515,743,146
15	Payments of securities issuers	(1,019,164,376,295)	(754,401,903,070)
<b>20</b>	<b>(Decrease)/increase in customers' deposits</b>	<b>(452,671,131,682)</b>	<b>356,712,568,423</b>
<b>30</b>	<b>Customers' deposits at beginning of year</b>	<b>772,514,226,857</b>	<b>415,801,658,434</b>
31	Cash at bank	772,514,226,857	415,801,658,434
32	Customers' deposits for securities trading under monitoring of the Company	619,604,766,756	411,697,196,243
32.1	Customers' deposits at VSD	12,786,914,195	-
34	Cash blocked for clearing and settlement	128,763,551,154	859,307,515
35	Cash of securities issuers	11,358,994,752	3,245,154,676
<b>40</b>	<b>Customers' deposits at end of year</b>	<b>319,843,095,175</b>	<b>772,514,226,857</b>
41	Cash at bank	319,843,095,175	772,514,226,857
42	Customers' deposits for securities trading under monitoring of the Company	313,619,218,115	619,604,766,756
42.1	Customers' deposits at VSD	4,734,497,646	12,786,914,195
44	Cash blocked for clearing and settlement	1,311,732,093	128,763,551,154
45	Cash of securities issuers	177,647,321	11,358,994,752



Duong Kim Chi  
Preparer



Le Minh Hien  
Chief Accountant



Nguyen Hieu  
General Director  
Authorised signatory  
10 March 2020

The notes on pages 16 to 74 are an integral part of these financial statements.



## STATEMENT OF CHANGES IN EQUITY

Items	As at		For the year ended		For the year ended		As at	
	1.1.2018	1.1.2019	Increase	Decrease	Increase	Decrease	31.12.2018	31.12.2019
1. Owners' capital	919,240,118,792	1,010,239,178,792	90,999,060,000	-	-	-	1,010,239,178,792	1,010,239,178,792
1.1 Ordinary shares with voting rights	910,000,000,000	1,000,999,060,000	90,999,060,000	-	-	-	1,000,999,060,000	1,000,999,060,000
1.2 Share premium	9,240,118,792	9,240,118,792	-	-	-	-	9,240,118,792	9,240,118,792
2. Supplementary capital reserve	10,190,332,248	13,624,381,369	3,434,049,121	-	1,732,263,398	-	13,624,381,369	15,356,644,767
3. Financial and operational risk reserve	10,190,332,248	13,624,381,369	3,434,049,121	-	1,732,263,398	-	13,624,381,369	15,356,644,767
5. Undistributed earnings	102,597,131,502	73,410,955,676	148,378,822,448	(177,564,998,274)	34,645,267,955	(103,564,432,796)	73,410,955,676	4,491,790,835
5.1 Realised profits	97,966,752,187	148,478,416,393	148,378,822,448	(97,867,158,242)	33,551,933,100	(103,564,432,796)	148,478,416,393	78,465,916,697
5.2 Unrealised profits/(losses)	4,630,379,315	(75,067,460,717)	-	(79,697,840,032)	1,093,334,855	-	(75,067,460,717)	(73,974,125,862)
<b>Total</b>	<b>1,042,217,914,790</b>	<b>1,110,898,897,206</b>	<b>246,245,980,690</b>	<b>(177,564,998,274)</b>	<b>38,109,794,751</b>	<b>(103,564,432,796)</b>	<b>1,110,898,897,206</b>	<b>1,045,444,259,161</b>



Duong Kim Chi  
Preparer



Le Minh Hien  
Chief Accountant



Nguyen Hieu  
General Director  
Authorised signatory  
10 March 2020

The notes on pages 16 to 74 are an integral part of these financial statements.

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

**1 GENERAL INFORMATION**

***Establishment and listing status***

Viet Dragon Securities Corporation (“the Company”) is a joint stock company incorporated in Vietnam under the Business Registration Certificate No. 4103005723 dated 15 December 2006 issued by the Department of Planning and Development of Ho Chi Minh City and the Establishment and operation licence No. 32/UBCK-GPHĐKD dated 21 December 2006 issued by the State Securities Commission (“SSC”). The Establishment and operation licence was amended several times and the latest amendment No. 56/GPĐC-UBCK was issued on 2 August 2018.

The Company was listed on the Ho Chi Minh City Stock Exchange in accordance with Decision No. 229/QĐ-SGDHCM issued by the Ho Chi Minh City Stock Exchange on 29 June 2017.

***Headquarter and contact information***

The Company is headquartered at 141 Nguyen Du Street, District 1, Ho Chi Minh City. As at 31 December 2019, the Company had three (3) branches in Hanoi, Nha Trang City and Can Tho.

Contact point:  
Telephone: (+84) 28 6299 2006

***Company charter***

The Company’s latest charter was approved in Annual General Meeting of Shareholders and came into effect since 11 September 2018.

***Headcount***

As at 31 December 2019, the Company had 288 employees (as at 31 December 2018: 326 employees).

***Capital size***

	<b>As at 31 December 2019  (“the reporting date”)  VND</b>
The Company’s charter capital	1,000,999,060,000
Owners’ capital	1,045,444,259,161
Total assets	<u>2,299,545,507,697</u>

**1 GENERAL INFORMATION (continued)*****Investment objectives***

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.

***Investment restrictions***

The Company's investment portfolio and its restrictions shall be in compliance with Articles 44 of Circular 210/2012/TT-BTC dated 30 November 2012 issued by the Ministry of Finance providing guidance on establishment and operation of securities companies and Circular 07/2016/TT-BTC dated 18 January 2016 issued of the Ministry of Finance amending some articles of Circular 210/2012/TT-BTC.

***Principal activities***

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

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

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

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

The financial statements 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 indeterminable).

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

## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **2.2 Accounting estimates**

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

The areas involving significant estimates and assumptions are as follows:

- Market value/fair value of financial assets (Note 2.7 and Note 3.2)
- Amortised cost of loans (Note 3.3)
- Provisions for impairment loss of loans (Note 3.3)
- Provision for doubtful debts (Note 2.8 and Note 3.4)
- Estimated useful life of fixed assets (Note 2.9 and Note 3.6);
- Estimated useful life of prepaid expenses (Note 2.11 and Note 3.9); and
- Estimation of provisions (Note 2.19, Note 2.20, and Note 2.21).

### **2.3 Form of records applied**

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

### **2.4 Fiscal year**

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

### **2.5 Currency**

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

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

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.5 Currency (continued)**

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction dates in accordance with Circular 200/2014/TT-BTC ("Circular 200/2014/TT-BTC") dated 22 December 2014. Foreign exchange differences arising from these transactions are recognised in profit or loss of the statement of comprehensive income.

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

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

**2.6 Cash and cash equivalents**

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

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Financial assets****(a) Classification and measurement***(i) Financial assets measured at fair value through profit or loss ("FVTPL")*

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

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

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

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 inconsistency") 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 or highly volatilisises). Those equities, including derivatives to be settled in equities, 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.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Financial assets (continued)****(a) Classification and measurement (continued)***(ii) 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; and
- **Investment cooperation contract:** the amounts advanced to customers for their purchases of unlisted securities relating to transactions incurred before the regulation relating to margin loans were issued. Currently, the Company does not provide this product to customers. The Company has made full provision against these balances.

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

Amortised cost of loans is determined at historical cost less principal received plus (or less) accumulated amortisation using the effective interest rate method 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.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Financial assets (continued)****(b) Reclassification***(i) Reclassification of non-FVTPL financial assets upon disposal*

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

*(ii) Reclassification due to change in intention/ability to hold the financial assets*

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

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

**(c) Recognition/derecognition**

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

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

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



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Financial assets (continued)****(d) Initial recognition**

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

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

**(e) Determination of market value/fair value**

The Company applies valuation bases for financial assets in accordance with Circular 87/2017/TT-BTC dated 15 August 2017 regarding capital adequacy ratio of securities trading entities ("Circular 87/2017/TT-BTC") and Circular 146/2014/TT-BTC dated 6 Oct 2014 regarding financial regimes for securities companies and fund management companies ("Circular 146/2014/TT-BTC"), Circular 48/2019/TT-BTC dated 8 August 2019, all of them issued by the Ministry of Finance, in determining the market value/fair value of financial assets, in particular:

**(i) Shares listed on stock exchanges**

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

**(ii) 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 with transactions prior to the valuation date. When the trading volume is extremely low and the Company judges that the closing price does not reflect the fair value of the shares, these shares are then revalued base on the valuation models in the written approval of the Board of Management.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Financial assets (continued)****(e) Determination of market value/fair value (continued)***(iii) Unlisted securities registered/not registered for trading at the Vietnam Securities Depository (“VSD”)*

These shares are revalued based on the average of transacted prices announced by at least three (3) independent quoting entities at the latest trading date within one (1) month prior to the valuation date. Management and executives of the Company must not be related to management and executives of the quoting entities in accordance with Law on Securities.

When it is impossible to obtain three (3) quotations as required above, these shares are revalued at the maximum of the following bases:

- Quoted prices
- Most recently reported prices
- Book value
- Purchase price
- The price determined based on the Company’s valuation techniques

*(iv) Suspended shares, delisted shares or deregistered shares*

These shares are revalued at the maximum of the following bases:

- Book value
- Par value
- The price determined based on the Company’s valuation techniques

*(v) Shares of entities in the process of dissolution or bankruptcy*

These shares are revalued at one of the following bases:

- 80% of disposal value of these shares as at the entities’ latest reporting date prior to the Company’s valuation date
- The price determined based on the Company’s valuation techniques

*(vi) Other shares and other capital contributions*

These shares are revalued at the maximum of the following bases:

- Book value
- Purchase price/amount of capital contribution
- The price determined based on the Company’s valuation techniques

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Financial assets (continued)****(e) Determination of market value/fair value (continued)***(vii) Bonds listed on stock exchanges*

These bonds are revalued based on the average quoted price of outright transactions on stock exchanges at the latest trading date prior to the valuation date plus accumulated accrued interest.

Where these bonds are not traded for more than two (2) weeks prior to the valuation date, they are revalued at the maximum of the following bases:

- Purchase price plus accumulated accrued interest
- Par value plus accumulated accrued interest
- The price determined based on the Company's valuation techniques plus accumulated accrued interest

*(viii) Unlisted bonds*

These bonds are revalued at the maximum of the following bases:

- The quoted price on the unlisted bond quotation system (if any) plus accumulated accrued interest
- Purchase price plus accumulated accrued interest
- Par value plus accumulated accrued interest
- The price determined based on the Company's valuation techniques plus accumulated accrued interest

*(ix) Certificates of closed-end public funds*

Certificates of closed-end public funds are revalued at closing prices of last trading date prior to the valuation date.

Certificates of closed-end public funds that are not traded for more than two (2) weeks prior to reporting date are revalued at the latest reported net asset value per unit prior to the valuation date.

*(x) Certificates of member funds/ open-ended funds/ shares of securities investment company*

These certificates/shares are revalued at the latest reported net asset value per one (1) unit of contributed capital/certificates/shares prior to the valuation date.

*(xi) Certificates of other funds/ shares of other securities investment company*

These certificates/shares are revalued according to the Company's valuation techniques.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.7 Financial assets (continued)****(e) Determination of market value/fair value (continued)***(xii) Term deposits*

Term deposits are measured at principal plus accumulated accrued interest at the reporting date.

*(xiii) Treasury bills, bank notes, commercial notes, transferable certificates of deposits, bonds and other discountable money market instruments*

These financial instruments are revalued at purchase price plus accumulated accrued interest up to the date prior to the valuation date.

**(f) Recognition of gains/(losses)***Purchase transaction costs*

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

*Selling transaction costs*

Selling transaction costs are expensed off.

*Gain/(loss) on disposals*

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

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

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

**2.8 Receivables**

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

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

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

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

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

**2.9 Fixed assets***Tangible and intangible fixed assets*

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

*Depreciation and amortisation*

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

Motor vehicles	6 years
Office equipment	3 – 8 years
Computer software	3 – 8 years
Trademark	5 years
Copyrights, patents	3 – 5 years
Other intangible fixed assets	5 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 comprehensive income.

*Construction in progress*

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.10 Leased assets**

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

**2.11 Prepaid expenses**

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

**2.12 Short-term/long-term security deposits**

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

**2.13 Liabilities****(a) Recognition/de-recognition**

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

**(b) Classification**

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

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

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.14 Offsetting financial instruments**

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

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

**2.15 Borrowings**

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

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

**2.16 Issued bonds**

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

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

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

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

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

**2.18 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.19 Provisions**

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

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

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

**2.20 Provision for severance allowances**

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

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

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

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

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

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

Treasury shares are shares issued by the Company and bought back by itself, but these are not cancelled and may be re-issued subsequently in accordance with the Law on securities. Treasury shares are recorded at cost and deducted from equity. The Company does not account for gains/(losses) from purchase/sale, issuance/cancellation of its equity instruments.



**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.21 Equity (continued)****(b) Financial and operational risk reserve and supplementary capital reserve**

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

**(c) Undistributed earnings**

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

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

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

**2.22 Dividend distribution**

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

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

**2.23 Assets of and liabilities to customers**

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

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.24 Revenue and income recognition****(a) Revenue from provision of services to investors**

Revenue from provision of services to investors comprises of securities brokerage fees, securities underwriting fees, issue agency, securities investment consultancy fees, financial consultancy fee, securities custody services and entrustment activities which are based on agreements with investors.

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

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

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

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

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

**(b) Income from proprietary trading of financial assets**

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

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

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

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.24 Revenue and other income recognition (continued)****(c) Income from working capital management**

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

**(d) Other income**

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

**2.25 Expenses****(a) Recognition**

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

**(b) Classification**

Expenses are classified by function as follows:

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

**2.26 Financial income**

Financial income reflects income from investment activities arising during the year mainly including interest income from bank deposits and foreign exchange gains.

**2.27 Financial expenses**

Financial expenses are expenses incurred in the year for financial activities mainly including foreign exchange losses.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.28 Borrowing costs**

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

In respect of general-purpose borrowings, a portion of which used for the purpose of addition of any qualifying assets, the Company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the weighted average expenditure on that assets. The capitalisation rate is the weighted average of the interest rates applicable to the Company's borrowings that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Other borrowing costs are charged to expenses in the statement of comprehensive income when incurred.

**2.29 General and administration expenses**

General and administration expenses represent expenses for administrative purposes which mainly include salary expenses, depreciation expenses, consultancy costs, outside services; and other expenses.

**2.30 Current and deferred income tax***Current income tax*

Current income tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted as at the statement of financial position.

Current income tax is charged or credited to the statement of income, except when it relates to items recognized directly to equity, in which case the current income tax is also dealt with in equity.

Current income tax assets and liabilities are offset when there is a legally enforceable right for the Company to set off current tax assets against current tax liabilities and when the Company intends to settle its current tax assets and liabilities on a net basis.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.30 Current and deferred income tax (continued)***Deferred income tax*

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, carry forward of unused tax credits and unused tax losses can be utilized, except where the deferred tax asset in respect of deductible temporary difference which arises from the initial recognition of an asset or liability which at the time of the related transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Previously unrecognized deferred income tax assets are re-assessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset realized or the liability is settled based on tax rates and tax laws that have been enacted at the balance sheet date. Deferred tax is charged or credited to the statement of income, except when it relates to items recognized directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxable entity and the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.31 Related parties**

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

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

**2.32 Segment reporting**

A segment is a separable component of the Company engaged in providing products or services (business segment), or providing products or services within a particular economic environment (geographical segment). Each segment is subject to risks and returns that are different from those of other segments. A reportable segment is the Company's business segment.

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

**2.33 Nil items**

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

## 3 NOTES TO THE STATEMENT OF FINANCIAL POSITION

## 3.1 Cash and cash equivalents

	As at	
	31.12.2019 VND	31.12.2018 VND
Cash on hand	77,950,111	75,416,597
Cash at bank	149,347,148,582	71,179,367,991
Cash blocked for clearing and settlement	150,839,422,530	489,315,209
	<u>300,264,521,223</u>	<u>71,744,099,797</u>

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

	Cost VND	Comparison to market value/fair value		Market value/ fair value VND	Remeasured amount VND
		Increase VND	Decrease VND		
<b>As at 31 December 2019</b>					
Listed equities	188,928,700,178	404,540,054	(41,099,958,502)	148,233,281,730	148,233,281,730
Unlisted equities	225,113,341,494	2,504,316	(33,281,211,730)	191,834,634,080	191,834,634,080
	<u>414,042,041,672</u>	<u>407,044,370</u>	<u>(74,381,170,232)</u>	<u>340,067,915,810</u>	<u>340,067,915,810</u>
<b>As at 31 December 2018</b>					
Listed equities	207,176,237,029	45,589,251	(54,322,567,750)	152,899,258,530	152,899,258,530
Unlisted equities	89,927,645,798	231,919,862	(21,022,402,080)	69,137,163,580	69,137,163,580
	<u>297,103,882,827</u>	<u>277,509,113</u>	<u>(75,344,969,830)</u>	<u>222,036,422,110</u>	<u>222,036,422,110</u>

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

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

	As at 31.12.2019					As at 31.12.2018				
	Cost VND	Market value/ fair value VND	Increase VND	Decrease VND	Remeasured amount VND	Cost VND	Market value/ fair value VND	Increase VND	Decrease VND	Remeasured amount VND
<b>Listed shares</b>										
DIG	121,844,208,163	90,102,904,800	-	(31,741,303,363)	90,102,904,800	102,344,006,383	73,779,690,000	-	(28,564,316,383)	73,779,690,000
GEX	34,290,417,463	27,478,586,700	-	(6,811,830,763)	27,478,586,700	25,903,377,060	19,473,526,900	-	(6,429,850,160)	19,473,526,900
PC1	9,464,978,440	7,148,855,000	-	(2,316,123,440)	7,148,855,000	9,464,374,180	8,441,771,200	-	(1,022,602,980)	8,441,771,200
DRC	7,982,696,026	8,156,281,500	173,585,474	-	8,156,281,500	1,402,125	1,139,500	-	(262,625)	1,139,500
KDH	7,039,090,042	6,995,345,000	-	(43,745,042)	6,995,345,000	864,512	1,221,000	356,488	-	1,221,000
PNJ	5,757,359,294	5,933,828,000	176,468,706	-	5,933,828,000	1,462,657	1,584,400	121,743	-	1,584,400
HT1	2,193,003,380	2,056,237,950	-	(136,765,430)	2,056,237,950	70,380	81,900	11,520	-	81,900
Others	356,947,370	361,242,780	54,485,874	(50,190,464)	361,242,780	69,460,679,732	51,200,243,630	45,099,500	(18,305,535,602)	51,200,243,630
	<b>188,928,700,178</b>	<b>148,233,281,730</b>	<b>404,540,054</b>	<b>(41,099,958,502)</b>	<b>148,233,281,730</b>	<b>207,176,237,029</b>	<b>152,899,258,530</b>	<b>45,589,251</b>	<b>(54,322,567,750)</b>	<b>152,899,258,530</b>
<b>Unlisted shares</b>										
QNS	149,988,000,000	149,988,000,000	-	-	149,988,000,000	-	-	-	-	-
BSR	68,188,808,393	35,396,568,000	-	(32,792,240,393)	35,396,568,000	46,348,798,393	31,760,080,000	-	(14,588,718,393)	31,760,080,000
DRFM(*)	4,450,000,000	4,230,000,000	-	(220,000,000)	4,230,000,000	4,450,000,000	225,000,000	-	(4,225,000,000)	225,000,000
MPC	2,461,012,146	2,208,300,500	-	(252,711,646)	2,208,300,500	9,141,000,000	8,060,000,000	-	(1,081,000,000)	8,060,000,000
Others	25,520,955	11,765,580	2,504,316	(16,259,691)	11,765,580	29,987,847,405	29,092,083,580	231,919,862	(1,127,683,687)	29,092,083,580
	<b>225,113,341,494</b>	<b>191,834,634,080</b>	<b>2,504,316</b>	<b>(33,281,211,730)</b>	<b>191,834,634,080</b>	<b>89,927,645,798</b>	<b>69,137,163,580</b>	<b>231,919,862</b>	<b>(21,022,402,080)</b>	<b>69,137,163,580</b>
<b>Total</b>	<b>414,042,041,672</b>	<b>340,067,915,810</b>	<b>407,044,370</b>	<b>(74,381,170,232)</b>	<b>340,067,915,810</b>	<b>297,103,882,827</b>	<b>222,036,422,110</b>	<b>277,509,113</b>	<b>(75,344,969,830)</b>	<b>222,036,422,110</b>

(\*) Dong Phu Technical Rubber Joint Stock Company



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

## 3.3 Loans

	As at 31.12.2019		As at 31.12.2018	
	Amortised cost VND	Provision VND	Amortised cost VND	Provision VND
Margin loans	1,268,415,204,226	(16,799,800,319)	1,320,401,999,650	-
Trading advances	337,493,506,276	-	237,674,761,008	-
Investment cooperation contracts	27,287,580,676	(27,287,580,676)	27,288,622,415	(27,288,622,415)
<b>Total</b>	<b>1,633,196,291,178</b>	<b>(44,087,380,995)</b>	<b>1,585,365,383,073</b>	<b>(27,288,622,415)</b>

Provision for impairment of loans incurred in the year as following:

	Doubtful amount		Provision			
	As at 31.12.2019 VND	As at 31.12.2018 VND	As at 31.12.2018 VND	Provision VND	Reversal of Provision VND	As at 31.12.2019 VND
Margin loans	16,799,800,319	-	-	16,799,800,319	-	16,799,800,319
Investment cooperation contracts	27,287,580,676	27,288,622,415	27,288,622,415	19,045	(1,060,784)	27,287,580,676
	<b>44,087,380,995</b>	<b>27,288,622,415</b>	<b>27,288,622,415</b>	<b>16,799,819,364</b>	<b>(1,060,784)</b>	<b>44,087,380,995</b>

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

## 3.4 Receivables

	As at 31.12.2019		As at 31.12.2018	
	Carrying value VND	Doubtful amount VND	Carrying value VND	Doubtful amount VND
<b>Dividends and interests receivable</b>				
Dividends and interests receivable past due	182,689,012	-	-	-
Dividend and interest receivables not yet due	3,524,630,360	-	3,539,330,720	-
	<u>3,707,319,372</u>	<u>-</u>	<u>3,539,330,720</u>	<u>-</u>
<b>Services related receivables</b>	<u>10,038,311,298</u>	<u>-</u>	<u>17,349,672,513</u>	<u>-</u>
<b>Other receivables</b>	<u>1,978,258,478</u>	<u>1,978,208,478</u>	<u>1,982,256,576</u>	<u>1,978,208,478</u>

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

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

## 3.4 Receivables (continued)

Details of provision for doubtful debts are as follows:

	Doubtful amount		Provision			Closing balance VND
	Opening balance VND	Closing balance VND	Opening balance VND	Provision VND	Reversal of provision VND	
<b>Other receivables</b>	<b>1,978,208,478</b>	<b>1,978,208,478</b>	<b>1,978,208,478</b>	-	-	<b>1,978,208,478</b>
Mr. Van Thien Hung	1,978,208,478	1,978,208,478	1,978,208,478	-	-	1,978,208,478

## 3.5 Other current assets

	As at	
	31.12.2019 VND	31.12.2018 VND
Advances to employees	441,766,666	2,547,968,621
Office tools and supplies	8,963,900	62,271,700
Short-term prepaid expenses	1,736,903,445	3,074,807,176
- <i>Information technology equipments</i>	28,198,976	699,114,622
- <i>Office renovation expenses</i>	-	163,793,975
- <i>Other short-term prepaid expenses</i>	1,708,704,469	2,211,898,579
Short-term security deposits	21,400,000	21,400,000
Business income tax overpaid (Note 3.15)	-	1,769,811,234
Personal income tax paid on behalf (Note 3.15)	4,787,676	13,662,228
	<b>2,213,821,687</b>	<b>7,489,920,959</b>

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

## 3.6 Fixed assets

## (a) Tangible fixed assets

	Motor vehicles VND	Office equipment VND	Total VND
<b>Historical cost</b>			
As at 1.1.2019	5,837,902,900	38,065,785,635	<b>43,903,688,535</b>
New purchases	-	4,505,339,575	<b>4,505,339,575</b>
As at 31.12.2019	<u>5,837,902,900</u>	<u>42,571,125,210</u>	<u><b>48,409,028,110</b></u>
<b>Accumulated depreciation</b>			
As at 1.1.2019	3,775,442,019	27,992,750,524	<b>31,768,192,543</b>
Charge for the year	503,934,060	4,112,179,788	<b>4,616,113,848</b>
As at 31.12.2019	<u>4,279,376,079</u>	<u>32,104,930,312</u>	<u><b>36,384,306,391</b></u>
<b>Net book value</b>			
As at 1.1.2019	<u>2,062,460,881</u>	<u>10,073,035,111</u>	<u><b>12,135,495,992</b></u>
As at 31.12.2019	<u><u>1,558,526,821</u></u>	<u><u>10,466,194,898</u></u>	<u><u><b>12,024,721,719</b></u></u>

Historical cost of fully depreciated tangible fixed assets but still in use as at 31 December 2019 was VND28,280,765,434 (as at 31 December 2018: VND18,237,026,246).

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

As at 31 December 2019, the Company had no outstanding commitment to purchase or sell tangible fixed assets.

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

## 3.6 Fixed assets (continued)

## (b) Intangible fixed assets

	Computer software VND	Trademark VND	Copyrights VND	Other intangible assets VND	Total VND
<b>Historical cost</b>					
As at 1.1.2019	11,292,236,066	307,500,192	1,661,848,751	502,503,782	13,764,088,791
New purchases	2,854,936,000	-	-	-	2,854,936,000
Transfer from CIP (Note 3.7)	3,218,325,000	-	-	-	3,218,325,000
As at 31.12.2019	17,365,497,066	307,500,192	1,661,848,751	502,503,782	19,837,349,791
<b>Accumulated amortisation</b>					
As at 1.1.2019	9,025,994,349	307,500,192	1,444,814,909	502,503,782	11,280,813,232
Charge for the year	1,483,024,294	-	115,964,342	-	1,598,988,636
As at 31.12.2019	10,509,018,643	307,500,192	1,560,779,251	502,503,782	12,879,801,868
<b>Net book value</b>					
As at 1.1.2019	2,266,241,717	-	217,033,842	-	2,483,275,559
As at 31.12.2019	6,856,478,423	-	101,069,500	-	6,957,547,923

Historical cost of fully amortised intangible fixed assets but still in use as at 31 December 2019 was VND10,611,460,628 (at 31 December 2018: VND2,287,891,465).

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

As at 31 December 2019, the Company had no commitment to purchase intangible fixed assets (at 31 December 2018: VND3,629,175,000 (Note 12)).

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)****3.7 Construction in progress**

Construction in progress as at 31 December 2018 comprised development costs of the derivatives trading and settlement system and upgrading costs for the underlying securities trading and settlement system, were capitalised in 2019.

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

	<b>For the year ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Beginning of year	3,218,325,000	-
Additions	-	3,218,325,000
Transfers to intangible fixed assets (Note 3.6(b))	(3,218,325,000)	-
<b>End of year</b>	<b>-</b>	<b>3,218,325,000</b>

**3.8 Pledged assets, mortgages, security deposits in long term**

These are security deposits for office rentals at Head Office, Nha Trang Branch, Ha Noi Branch and Can Tho Branch.

**3.9 Long-term prepaid expenses**

	<b>As at</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Office renovation expenses	869,088,043	1,108,190,299
Other long-term prepaid expenses	809,796,545	533,747,828
	<b>1,678,884,588</b>	<b>1,641,938,127</b>

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)****3.10 Deposits in the Settlement Support Fund**

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

	<b>As at</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Initial deposit	120,000,000	120,000,000
Additional deposits	13,464,509,286	13,308,567,704
Interests	6,415,490,714	5,465,087,962
	<u><b>20,000,000,000</b></u>	<u><b>18,893,655,666</b></u>

**3.11 Other non-current assets**

Other non-current assets are the deposits in the Derivatives Trading Clearing Fund. According to the Policy on Management and Use of Derivatives Trading Clearing Fund issued in conjunction with Decision No. 97/QĐ-VSD dated 23 March 2017 by the Vietnam Securities Depository, the minimum amount of initial contribution applicable to direct clearing members is VND10 billion.

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

## 3.12 Borrowings and issued bonds

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

	Interest rate % per annum	Opening balance VND	Drawdowns VND	Repayments VND	Interest capitalised into principal VND	Revaluation VND	Closing balance VND
Bank borrowings		216,300,000,000	2,140,847,000,000	(2,191,322,000,000)	-	75,000,000	165,900,000,000
<i>In which:</i>							
From domestic banks (i)	6.6 – 10.5	100,000,000,000	1,466,000,000,000	(1,516,000,000,000)	-	-	50,000,000,000
From a foreign bank (ii)	5.2 – 5.7	116,300,000,000	674,847,000,000	(675,322,000,000)	-	75,000,000	115,900,000,000
Short-term issued bonds (iii)		581,674,000,000	1,122,940,000,000	(824,674,000,000)	-	-	879,940,000,000
<i>In which:</i>							
Held by individuals	8.5 – 9.5	378,674,000,000	623,440,000,000	(629,674,000,000)	-	-	372,440,000,000
Held by institutions	8.5 – 9.5	203,000,000,000	499,500,000,000	(195,000,000,000)	-	-	507,500,000,000
<b>Total</b>		<b>797,974,000,000</b>	<b>3,263,787,000,000</b>	<b>(3,015,996,000,000)</b>	<b>-</b>	<b>75,000,000</b>	<b>1,045,840,000,000</b>

- (i) The closing balance represents loans from a domestic bank with a credit limit of VND100,000,000,000 valid until 14 June 2020, with tenors of 2 months. Value of collateral assets as at 31 December 2019 was VND1,636,903,610,550 (as at 31 December 2018: VND1,588,904,713,793) including loans and accrual interests.
- (ii) The closing balance represents unsecured loans from a foreign bank with a credit limit of USD5,000,000 and longest tenor not exceeding 60 days from date of drawdown.
- (iii) These are registered, unconvertible and unsecured bonds issued privately to individuals and institutions. Each bond has a par value of VND1,000,000 and a tenor of 1 year since its issue date.

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

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



**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)****3.13 Trading obligations**

These are expenses payable to the stock exchanges and the Vietnam Securities Depository.

**3.14 Short-term trade payable**

	As at	
	31.12.2019 VND	31.12.2018 VND
Payables for purchases of shares trading on UPCoM	149,988,000,000	-
Payables for purchases of listed securities	3,814,872,000	-
Payables for purchases of goods and services	1,792,735,707	167,554,100
	<u>155,595,607,707</u>	<u>167,554,100</u>

As at 31 December 2019 and as at 31 December 2018, the Company had no trade payables due to related parties.

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

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

**3.15 Tax and other payables to/(receivables from) the State**

	As at	
	31.12.2019 VND	31.12.2018 VND
<b>Payables</b>		
Personal income tax paid on behalf of customers	2,457,733,923	3,718,970,788
Personal income tax	1,809,299,716	1,311,238,541
Value added tax	78,919,189	148,583,927
Foreign contractor tax	48,343,099	268,950,332
Business income tax	31,468,933	-
	<u>4,425,764,860</u>	<u>5,447,743,588</u>
<b>Receivables (Note 3.5)</b>		
Business income tax overpaid	-	1,769,811,234
Personal income tax paid on behalf	4,787,676	13,662,228
	<u>4,787,676</u>	<u>1,783,473,462</u>
	<u>4,420,977,184</u>	<u>3,664,270,126</u>

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

## 3.15 Tax and other payables to/(receivables from) the State (continued)

	As at 1.1.2019 VND	Incurred during the year VND	Paid during the year VND	As at 31.12.2019 VND
Business income tax - current	(1,769,811,234)	7,831,959,010	(6,030,678,843)	31,468,933
Personal income tax paid on behalf of customers	3,718,970,788	29,354,144,718	(30,615,381,583)	2,457,733,923
Personal income tax	1,297,576,313	8,997,276,287	(8,490,340,560)	1,804,512,040
<i>In which:</i>				
<i>Payable</i>	1,311,238,541			1,809,299,716
<i>Receivable</i>	(13,662,228)			(4,787,676)
Value added tax	148,583,927	465,842,328	(535,507,066)	78,919,189
Foreign contractor tax	268,950,332	1,378,576,200	(1,599,183,433)	48,343,099
Charges, fees and other payables	-	6,000,000	(6,000,000)	-
<b>Total</b>	<b>3,664,270,126</b>	<b>48,033,798,543</b>	<b>(47,277,091,485)</b>	<b>4,420,977,184</b>

## 3.16 Short-term accrued expenses

	As at	
	31.12.2019 VND	31.12.2018 VND
Interests on bonds and borrowings	6,974,118,489	5,002,450,476
Supplemental salary	-	7,900,000,000
Brokerage fee and custody fee	585,935,998	622,626,876
Others	441,100,000	729,733,344
	<b>8,001,154,487</b>	<b>14,254,810,696</b>

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

## 3.17 Other short-term payables

	As at	
	31.12.2019 VND	31.12.2018 VND
Dividend payable (*)	33,493,598,500	141,556,800
<i>Past due but not yet paid as shareholders     haven't completed their claim forms</i>	3,463,626,700	141,556,800
<i>Not yet due (Interim dividend of 2019)</i>	30,029,971,800	-
Other short-term payables	130,182,383	578,706,981
<i>Not due</i>	130,182,383	578,706,981
	<b>33,623,780,883</b>	<b>720,263,781</b>

(\*) Movement in the dividend payable during year is as follows:

	Year ended	
	31.12.2019 VND	31.12.2018 VND
Opening balance	141,556,800	908,095,800
Cash dividend declared (Note 7.1)	100,099,906,000	-
<i>In which:</i>		
<i>Interim dividend of 2018 (i)</i>	50,049,953,000	-
<i>Final dividend of 2018 (ii)</i>	20,019,981,200	-
<i>Interim dividend of 2019 (iii)</i>	30,029,971,800	-
Dividend paid	(66,747,864,300)	(766,539,000)
Closing balance	<b>33,493,598,500</b>	<b>141,556,800</b>

- (i) According to the Resolution of the Annual General Meeting of Shareholders on 28 March 2018, the planned dividend rate of 2018 was 10% of the charter capital of VND1,040,000,000,000. Accordingly, on 2 January 2019, the Board of Directors decided to advance the interim dividend of 2018 at 5% of the par value (1 share is entitled to VND500) to shareholders in the registry as at 17 January 2019. The dividend payment date was 30 January 2019.
- (ii) The Annual General Meeting of Shareholders on 18 April 2019 approved the total cash dividend of 2018 at 7% on charter capital of VND1,000,999,060,000. Accordingly, on 25 April 2019, the Board of Directors decided pay the remaining dividend of 2018 at 2% of par value value (1 share is entitled to VND200) to shareholders in the registry as at 17 May 2019. The dividend payment date was 27 May 2019.

**3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)****3.17 Other short-term payables (continued)**

- (iii) According to the Resolution of the Annual General Meeting of Shareholders on 18 April 2019, the planned dividend rate of 2019 was at 8% on charter capital of VND1,000,999,060,000. Accordingly, on 9 December 2019, the Board of Directors decided to advance the interim dividend of 2019 at 3% of the par value (1 share is entitled to VND300) to shareholders in the registry as at 24 December 2019. The dividend payment date was 6 January 2020.

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

**3.18 Deferred tax liability**

	<b>As at</b>	
	<u>31.12.2019</u>	<u>31.12.2018</u>
	VND	VND
Deferred tax liability		
Deferred tax liability to be recovered within 12 months	81,408,874	55,501,823
	<u>81,408,874</u>	<u>55,501,823</u>

Movement in the deferred tax liability is as follows:

	<b>For the year ended</b>	
	<u>31.12.2019</u>	<u>31.12.2018</u>
	VND	VND
Opening balance	55,501,823	3,067,561,143
Debited/(Credited) to the income statement	25,907,051	(3,012,059,320)
Closing balance	<u>81,408,874</u>	<u>55,501,823</u>

Details of deferred tax liability are as follows:

	<b>As at</b>	
	<u>31.12.2019</u>	<u>31.12.2018</u>
	VND	VND
Taxable temporary differences:		
Gain from revaluation of FVTPL financial assets	407,044,370	277,509,113
Calculated at tax rate of 20%:		
Deferred tax liability to be recovered within 12 months	<u>81,408,874</u>	<u>55,501,823</u>

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

## 3.19 Owners' capital

## (a) Number of shares

	As at	
	31.12.2019 VND	31.12.2018 VND
Number of shares registered	100,099,906	100,099,906
Number of shares issued	100,099,906	100,099,906
Number of shares repurchased	-	-
	<u>100,099,906</u>	<u>100,099,906</u>

As at 31 December 2019 and 31 December 2018, all 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 the Annual General Meetings of the Company. Shareholders are entitled to receive dividends as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets.

## (b) Movement of share quantity

	Ordinary shares
As at 1 January 2018	91,000,000
New shares issued in the year	9,099,906
As at 31 December 2018	<u>100,099,906</u>
New shares issued in the year	-
As at 31 December 2019	<u>100,099,906</u>

## (c) Details of major shareholders as at the reporting date

	Number of ordinary shares	Value of charter capital contributed VND	Interest %
Mr. Tran Le Nguyen	18,035,000	180,350,000,000	18.02%
Mr. Nguyen Mien Tuan	17,810,953	178,109,530,000	17.79%
Asia Investment Company	15,043,617	150,436,170,000	15.03%
Ms. Pham My Linh	11,921,276	119,212,760,000	11.91%
Other shareholders	37,289,060	372,890,600,000	37.25%
Total	<u>100,099,906</u>	<u>1,000,999,060,000</u>	<u>100.00%</u>

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

## 3.20 Undistributed earnings

	As at	
	31.12.2019 VND	31.12.2018 VND
Undistributed realised profits	78,465,916,697	148,478,416,393
Unrealised losses	(73,974,125,862)	(75,067,460,717)
	<u>4,491,790,835</u>	<u>73,410,955,676</u>

Movements of undistributed earnings during the year are as follows:

	As at 31.12.2018 VND	Profits/(losses) for the year VND	Dividend declared VND	Appropriations to reserves VND	As at 31.12.2019 VND
Undistributed realised profits	148,478,416,393	33,551,933,100	(100,099,906,000)	(3,464,526,796)	78,465,916,697
Unrealised losses	(75,067,460,717)	1,093,334,855	-	-	(73,974,125,862)
<b>Undistributed earnings</b>	<u>73,410,955,676</u>	<u>34,645,267,955</u>	<u>(100,099,906,000)</u>	<u>(3,464,526,796)</u>	<u>4,491,790,835</u>

## 4 NOTES TO OFF STATEMENT OF FINANCIAL POSITION ITEMS

## 4.1 Number of shares in issue

	As at	
	31.12.2019	31.12.2018
<b>Ordinary shares</b>		
Quantity issued within 1 year (share)	-	9,099,906
Quantity issued for 1 year or more (share)	100,099,906	91,000,000
	<u>100,099,906</u>	<u>100,099,906</u>

## 5 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

## 5.1 Income from FVTPL financial assets

## (a) Net realised (losses)/gains on disposal of FVTPL financial assets

	For the year ended	
	31.12.2019 VND	31.12.2018 VND
Realised gains on disposals of FVTPL financial assets	11,246,570,851	92,462,610,942
Realised losses on disposals of FVTPL financial assets	(22,896,375,876)	(17,073,202,701)
	<u>(11,649,805,025)</u>	<u>75,389,408,241</u>

Details of net realised (loss)/gain from disposals of FVTPL financial assets by category are as follows:

	Quantity disposed share	Sales proceeds VND	Costs of disposals (*) VND	Realised (losses)/gains in this year VND	Realised gains/ (losses) in prior year VND
Listed shares	17,919,671	327,227,253,400	335,330,208,709	(8,102,955,309)	78,180,859,529
Unlisted shares	1,737,718	22,717,462,000	26,264,311,716	(3,546,849,716)	(2,791,451,288)
	<u>19,657,389</u>	<u>349,944,715,400</u>	<u>361,594,520,425</u>	<u>(11,649,805,025)</u>	<u>75,389,408,241</u>

(\*) The costs of disposals are determined by the weighted average method up to the end of the trading dates.

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

## 5.1 Income from FVTPL financial assets (continued)

## (b) Gains/(losses) on revaluation of FVTPL financial assets

	<u>For the year ended</u>	
	31.12.2019 VND	31.12.2018 VND
Increase/(decrease) in revaluation gains of FVTPL financial assets	129,535,257	(15,060,296,602)
Decrease/(increase) in revaluation losses of FVTPL financial assets	963,799,598	(64,637,543,430)
	<u>1,093,334,855</u>	<u>(79,697,840,032)</u>

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

	Cost VND	Market value/ fair value VND	Accumulated revaluation losses as at 31.12.2019 VND	Accumulated revaluation losses as at 31.12.2018 VND	Credited/(debited) to profit or loss VND
Listed shares	188,928,700,178	148,233,281,730	(40,695,418,448)	(54,276,978,499)	13,581,560,051
Unlisted shares	225,113,341,494	191,834,634,080	(33,278,707,414)	(20,790,482,218)	(12,488,225,196)
	<u>414,042,041,672</u>	<u>340,067,915,810</u>	<u>(73,974,125,862)</u>	<u>(75,067,460,717)</u>	<u>1,093,334,855</u>



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

## 5.2 Provisions for financial assets, losses on bad debt, impairment losses of financial assets and interest expense associated with loans

	For the year ended	
	31.12.2019 VND	31.12.2018 VND
Borrowing costs to finance lending activities	96,861,609,094	88,263,226,216
Provision/(reversal of provisions) for impairment of margin loans	16,798,758,580	(498,580,670)
	<b>113,660,367,674</b>	<b>87,764,645,546</b>

## 5.3 Operating expenses not related to financial assets

	For the year ended	
	31.12.2019 VND	31.12.2018 VND
<b>Self-trading activities</b>	<b>1,940,079,387</b>	<b>1,920,032,384</b>
Salaries	1,357,029,714	1,473,070,243
Office rentals	276,582,240	266,896,080
Other expenses	306,467,433	180,066,061
<b>Brokerage fee expenses</b>	<b>70,612,687,417</b>	<b>83,336,331,858</b>
Salaries	33,683,360,616	39,139,916,538
Securities trading transaction fees	15,831,485,847	18,220,124,451
Brokerage expense for collaborators	5,306,532,515	7,469,390,789
Office rentals	6,847,348,188	6,561,013,233
Depreciation and amortisation	1,354,825,668	2,048,658,264
Other expenses	7,589,134,583	9,897,228,583
<b>Underwriting expenses and placing expenses</b>	<b>-</b>	<b>2,200,000</b>
<b>Securities investment consultancy expenses</b>	<b>2,829,292,095</b>	<b>1,720,375,520</b>
<b>Custody fee expenses</b>	<b>7,638,968,448</b>	<b>8,518,171,532</b>
<b>Financial consultancy expenses</b>	<b>10,003,111,723</b>	<b>7,809,400,711</b>
Salaries	8,483,642,310	6,217,904,234
Office rentals	530,912,724	524,580,925
Other expenses	988,556,689	1,066,915,552
<b>Other operating expenses</b>	<b>10,167,978,989</b>	<b>9,834,267,974</b>
Salaries	7,630,404,608	7,658,544,022
Office rentals	1,261,792,616	1,155,653,836
Maintenance expenses	89,463,740	79,701,599
Other expenses	1,186,318,025	940,368,517
	<b>103,192,118,059</b>	<b>113,140,779,979</b>

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

## 5.4 General and administration expenses

	For the year ended	
	31.12.2019 VND	31.12.2018 VND
Staff costs	36,962,526,187	37,796,874,517
Office rentals	4,231,472,756	4,097,399,658
Outsourced services	5,042,528,395	4,860,007,929
Depreciation and amortisation	4,860,276,816	4,507,720,618
Advertisement and entertainment expenses	1,640,740,069	2,910,572,742
Maintenance expenses	1,594,976,832	1,218,817,630
Remuneration of the Board of Directors	1,126,700,000	1,717,803,000
Tools and supplies	701,737,022	1,687,264,887
Office stationeries	98,602,299	101,067,544
Tax, duties and fees	6,000,000	21,280,000
Other administrative expenses	4,967,485,041	5,505,072,870
	<b>61,233,045,417</b>	<b>64,423,881,395</b>

## 5.5 Business income tax

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rate of 20% as follows:

	For the year ended	
	31.12.2019 VND	31.12.2018 VND
Accounting profit before tax	42,503,134,016	85,132,035,689
Tax at rate of 20%:	8,500,626,803	17,026,407,138
Adjustment for:		
Non-taxable income	(1,204,026,664)	(1,194,564,277)
Non deductible expenses	512,454,797	619,210,412
Additional tax paid after finalisation	48,811,125	-
Business income tax charge (*)	<b>7,857,866,061</b>	<b>16,451,053,273</b>
Charged/(credited) to the statement of income:		
Business income tax – current	7,831,959,010	19,463,112,593
Business income tax – deferred	25,907,051	(3,012,059,320)
	<b>7,857,866,061</b>	<b>16,451,053,273</b>

(\*) The business income tax charge for the year is based on estimated taxable income and is subject to audit and possible adjustment by the tax authorities.

The tax authorities have finalised business income tax up to 31 December 2017.

**5 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME (continued)****5.6 Earnings per share****(a) Basic earnings per share**

According to prevailing regulations, basic earnings per share are calculated by dividing the net profit attributable to shareholders after deducting the appropriations to bonus and welfare funds by the weighted average number of ordinary shares outstanding during the year, excluding ordinary shares repurchased by the Company and held as treasury shares.

Other comprehensive income is not included in earnings to calculate earnings per shares as such treatment is not guided by authority.

	<u>For the year ended</u>	
	<u>31.12.2019</u>	<u>31.12.2018</u>
Net profit attributable to shareholders (VND)	34,645,267,955	68,680,982,416
Less amount allocated to bonus and welfare funds (VND)	-	-
	<u>34,645,267,955</u>	<u>68,680,982,416</u>
Weighted average number of ordinary shares in issue (shares)	100,099,906	100,099,949
Basic earnings per share (VND)	<u><u>346</u></u>	<u><u>686</u></u>

**(b) Diluted earnings per share**

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

**6 NOTES TO THE STATEMENT OF CASH FLOWS****6.1 Major non-cash transactions affecting the statement of cash flows**

	<u>For the year ended</u>	
	<u>31.12.2019</u>	<u>31.12.2018</u>
Cash dividend declared but not yet paid	30,029,971,800	-
Stock dividend	-	90,999,060,000
Unpaid purchases of fixed assets	1,574,925,000	-
	<u><u>30,029,971,800</u></u>	<u><u>90,999,060,000</u></u>

**6.2 Proceeds from borrowings**

Proceeds from borrowings are loan drawdowns and proceeds from issuance of bonds (Note 3.12).

**6.3 Repayment of borrowings**

Repayments of borrowings are loan repayments and bond repayments (Note 3.12).

## 7 NOTES TO THE STATEMENT OF CHANGES IN EQUITY

## 7.1 Distributed earnings

	For the year ended	
	31.12.2019 VND	31.12.2018 VND
Undistributed realised profits brought forward	148,478,416,393	97,966,752,187
Cumulative unrealised losses as at the reporting date	(73,974,125,862)	(75,067,460,717)
Realised post-tax profits incurred	33,551,933,100	148,378,822,448
Appropriations of retaining earnings:		
To supplementary capital reserve	(1,732,263,398)	(3,434,049,121)
To financial and operational risk reserve fund	(1,732,263,398)	(3,434,049,121)
<b>Distributable profits</b>	<b>104,591,696,835</b>	<b>164,410,015,676</b>
Dividend declared (Note 7.2)	100,099,906,000	90,999,060,000
Income tax withheld (*)	(4,045,691,830)	-
Net amount to be distributed to shareholders	<b>96,054,214,170</b>	<b>90,999,060,000</b>

(\*) Dividend of 2017 declared in 2018 was paid in stocks (Note 7.2). For income from stock dividend, individual investors are not yet liable to pay personal income tax when they receive their allotted shares. When these shares are realised, individual investors are liable to pay personal income tax on income from capital investment and income from securities transfer under the law on personal income tax.

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

## 7.2 Details of changes in equity

	Owners' capital VND	Share premium VND	Supplementary capital reserve VND	Financial and operational risk reserve VND	Undistributed earnings VND	Total VND
<b>As at 1 January 2019</b>	<b>1,000,999,060,000</b>	<b>9,240,118,792</b>	<b>13,624,381,369</b>	<b>13,624,381,369</b>	<b>73,410,955,676</b>	<b>1,110,898,897,206</b>
Profit for the year	-	-	-	-	34,645,267,955	34,645,267,955
Cash dividends (Note 3.17)	-	-	-	-	(100,099,906,000)	(100,099,906,000)
Appropriation to reserves (Note 2.22(b))	-	-	1,732,263,398	1,732,263,398	(3,464,526,796)	-
<b>As at 31 December 2019</b>	<b>1,000,999,060,000</b>	<b>9,240,118,792</b>	<b>15,356,644,767</b>	<b>15,356,644,767</b>	<b>4,491,790,835</b>	<b>1,045,444,259,161</b>
<b>As at 1 January 2018</b>	<b>910,000,000,000</b>	<b>9,240,118,792</b>	<b>10,190,332,248</b>	<b>10,190,332,248</b>	<b>102,597,131,502</b>	<b>1,042,217,914,790</b>
Profit for the year	-	-	-	-	68,680,982,416	68,680,982,416
Stock dividends (*)	90,999,060,000	-	-	-	(90,999,060,000)	-
Appropriation to reserves (Note 2.22(b))	-	-	3,434,049,121	3,434,049,121	(6,868,098,242)	-
<b>As at 31 December 2018</b>	<b>1,000,999,060,000</b>	<b>9,240,118,792</b>	<b>13,624,381,369</b>	<b>13,624,381,369</b>	<b>73,410,955,676</b>	<b>1,110,898,897,206</b>

(\*) The Annual General Meeting of shareholders of 2017 on 23 March 2018 approved the issuance of new shares to existing shareholders at a ratio of 10:1. Accordingly, the Company issued 9,099,906 shares on 25 June 2018. The numbers of the new shares issued were rounded down to units, numbers of shares after decimal stop were forfeited.

**8 RELATED PARTY DISCLOSURES**

<b>Related party</b>	<b>Relationship</b>
Mr. Tran Le Nguyen	Major shareholder
Asia Investment Limited	Major shareholder
Ms. Pham My Linh	Major shareholder
Mr. Nguyen Mien Tuan	Major shareholder
KIDO Group Corporation	Related to the Company's key management
KIDO Frozen Foods JSC	Related to the Company's key management
Tuong An Vegetable Oil JSC	Related to the Company's key management
Vietnam Vegetable Oils Industry Corporation	Related to the Company's key management
DABACO Group	Related to the Company's key management
Hoang Trieu Company Limited	Related to the Company's key management
Pymepharco Joint Stock Company	Related to the Company's key management
Board of Directors and Board of Management	Key management

**(a) Related party transactions**

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

	<b>For the year ended</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Revenue from other services	50,000,000	286,363,636
Dividend received from related parties	-	1,300,126,000
Realised gains on disposal of shares of related parties	-	1,446,732,040
Shares of related parties purchased	-	52,002,565,810
Shares of related parties sold	-	53,451,398,000
Services provided by related parties	11,371,362,501	11,027,810,159
Bond issued to related parties	270,000,000,000	-
Bond settlements to related parties	70,000,000,000	150,000,000,000
Bond interest expenses payable to related parties	20,189,452,059	22,559,284,633
Gross salary and other benefits	9,735,725,876	11,870,963,054
Dividend paid to shareholders in cash	41,651,201,700	-

**8 RELATED PARTY DISCLOSURES (continued)****(b) Year-end balances with related parties**

	<b>As at</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Bonds issued to related parties	300,000,000,000	100,000,000,000
Dividends payable	3,008,723,400	-
Accrued bond interests payable to related parties	554,383,561	143,150,685
Trade payables	146,795,115	-

**9 SEGMENT REPORTING**

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

**(a) Geographical segments**

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

**(b) Business activity segments**

Brokerage and services segment generates revenues and incurs expenses related to securities brokerages.

Proprietary trading segment generates revenues and incurs expenses related to FVTPL financial assets.

Lending segment generates revenues and incurs expenses related to margin loans and trading advances, agency, custody and other securities services.

Consultancy segment generates revenues and incurs expenses related to financial consultancy service, underwriting, M&A consultancy and other consultancy.

## 9 SEGMENT REPORTING (continued)

## (b) Business activity segments (continued)

Revenue, income and expenses based on the Company's business activity segments were as follows:

	For the year ended 31 December 2019				
	Brokerage VND	Proprietary trading VND	Securities services and lending VND	Consultancy VND	Total VND
Revenue and income (*)	77,238,499,618	17,263,724,173	231,701,742,276	2,507,836,365	328,711,802,432
Expenses					
<i>In which:</i>					
<i>Direct cash expenses</i>	(60,493,312,148)	(24,515,753,027)	(112,898,057,084)	(9,142,317,278)	(207,049,439,537)
<i>Total amount of significant non-cash expenses, other than depreciation, amortisation and allocation of prepaid expenses</i>	-	963,799,598	(16,798,758,580)	-	(15,834,958,982)
<i>Total depreciation and amortisation of fixed assets</i>	(1,354,825,668)	-	-	-	(1,354,825,668)
<i>Allocation of long-term and short-term prepaid expenses</i>	(11,593,841,696)	(320,702,236)	(1,770,499,447)	(860,794,445)	(14,545,837,824)
Segment result	<u>3,796,520,106</u>	<u>(6,608,931,492)</u>	<u>100,234,427,165</u>	<u>(7,495,275,358)</u>	<u>89,926,740,421</u>
Net financial income					13,767,098,281
General and administration expenses					(61,233,045,417)
Net other income					42,340,731
Operating result					<u>42,503,134,016</u>

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



## 9 SEGMENT REPORTING (continued)

## (b) Business activity segments (continued)

	For the year ended 31 December 2018				
	Brokerage VND	Proprietary trading VND	Securities services and lending VND	Consultancy VND	Total VND
Revenue and income (*)	112,811,165,175	82,876,555,054	219,548,363,302	4,070,681,819	419,306,765,350
Expenses	(85,056,707,378)	(83,630,778,515)	(106,117,085,052)	(7,811,600,711)	(282,616,171,656)
<i>In which:</i>					
<i>Direct cash expenses</i>	(72,275,738,089)	(18,705,980,004)	(105,100,189,099)	(7,029,397,597)	(203,111,304,789)
<i>Total amount of significant non-cash expenses, other than depreciation, amortisation and allocation of prepaid expenses</i>	-	(64,637,543,430)	498,580,670	-	(64,138,962,760)
<i>Total depreciation and amortisation of fixed assets</i>	(2,048,658,264)	-	-	-	(2,048,658,264)
<i>Allocation of long-term and short-term prepaid expenses</i>	(10,732,311,025)	(287,255,081)	(1,515,476,623)	(782,203,114)	(13,317,245,843)
Segment result	<u>27,754,457,797</u>	<u>(754,223,461)</u>	<u>113,431,278,250</u>	<u>(3,740,918,892)</u>	<u>136,690,593,694</u>
Net financial income					12,795,756,898
General and administration expenses					(64,423,881,395)
Net other income					69,566,492
Operating result					<u>85,132,035,689</u>

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

## 9 SEGMENT REPORTING (continued)

## (b) Business activity segments (continued)

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

	As at 31 December 2019				
	Brokerage VND	Proprietary trading VND	Securities services and lending VND	Consultancy VND	Total VND
Segment assets	39,264,656,569	490,907,338,340	1,750,598,610,300	283,000,000	2,281,053,605,209
Unallocated assets					18,491,902,488
<b>Total assets</b>					<b>2,299,545,507,697</b>
Segment liabilities	(2,047,730,967)	(153,802,872,000)	(1,052,814,118,489)	(1,098,800,000)	(1,209,763,521,456)
Unallocated liabilities					(44,337,727,080)
<b>Total liabilities</b>					<b>(1,254,101,248,536)</b>
Total expense incurred for purchases of fixed assets					
Segment assets	-	-	-	-	-
Unallocated assets					10,578,600,575
					<b>10,578,600,575</b>

## 9 SEGMENT REPORTING (continued)

## (b) Business activity segments (continued)

	As at 31 December 2018				Total VND
	Brokerage VND	Proprietary trading VND	Securities services and lending VND	Consultancy VND	
Segment assets	40,539,423,116	222,525,737,319	1,648,035,890,269	225,500,000	1,911,326,550,704
Unallocated assets					21,011,206,152
<b>Total assets</b>					<b>1,932,337,756,856</b>
Segment liabilities	(4,265,132,764)	(245,690,000)	(804,020,850,339)	(1,497,070,000)	(810,028,743,103)
Unallocated liabilities					(11,410,116,547)
<b>Total liabilities</b>					<b>(821,438,859,650)</b>
Total expense incurred for purchases of fixed assets					
Segment assets	3,218,325,000	-	-	-	3,218,325,000
Unallocated assets					5,707,381,100
					<b>8,925,706,100</b>

**10 FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to financial risks including market risk, credit risk and liquidity risk. The Company's overall risk management strategy seeks to minimise the adverse effect of these risks on the Company's performance.

The Board of Management of the Company is responsible for setting the objectives and underlying principles of financial risk management for the Company. The Board of Management establishes the detailed policies such as risk identification and measurement, investment strategy and limits. Risk management policies and systems are reviewed regularly to tackle the changes and align to market trends.

Financial risk management is carried out by finance personnel. The finance personnel measure actual exposures against the limits set and prepare periodical reports for the review of the Board of Management.

The information presented below is based on information received from the Board of Management.

**(a) Credit risk**

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company. It arises principally from cash at banks, financial assets, receivables and other assets.

The maximum exposure to credit risk equals to the total of carrying amounts of balances exposed to credit risk before provision, collateral held or other credit enhancements, details as follows:

## 10 FINANCIAL RISK MANAGEMENT (continued)

## (a) Credit risk (continued)

*Credit risk exposure*

	<b>As at</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
<b><i>Cash and cash equivalents (Note 3.1)</i></b>		
Cash at bank	149,347,148,582	71,179,367,991
Cash blocked for trading settlements	150,839,422,530	489,315,209
	<b>300,186,571,112</b>	<b>71,668,683,200</b>
<b><i>Loans (Note 3.3)</i></b>		
Margin loans	1,268,415,204,226	1,320,401,999,650
Trading advances	337,493,506,276	237,674,761,008
Investment cooperation contracts	27,287,580,676	27,288,622,415
	<b>1,633,196,291,178</b>	<b>1,585,365,383,073</b>
<b><i>Receivables (Note 3.4)</i></b>		
Dividends and interests receivable	3,707,319,372	3,539,330,720
Services related receivables	10,038,311,298	17,349,672,513
Other receivables	1,978,258,478	1,982,256,576
	<b>15,723,889,148</b>	<b>22,871,259,809</b>
<b>Total credit risk exposure</b>	<b>1,949,106,751,438</b>	<b>1,679,905,326,082</b>

*Balances with banks*

Balances with banks include demand deposits, term deposits and accrued interest, security deposits.

All the bank balances are placed with local financial institutions which have high creditworthiness or qualify as clearing members. Balances with banks are continuously monitored by treasury function in compliance with the Company's policies and periodically reported to the Board of Management. Credit risk from balances with banks is assessed as low.

As at 31 December 2019 and as at 31 December 2018, there were no balance with banks that exceeds 10% of the Company's equity.

As at 31 December 2019 and as at 31 December 2018, there were no balance with banks that were past due nor impaired.

**10 FINANCIAL RISK MANAGEMENT (continued)****(a) Credit risk (continued)***Trading advances*

Trading advances are collected from Vietnam Securities Depository. Deposit for derivatives trading activities is also placed with this entity.

Vietnam Securities Depository is a state-owned entity and has no history of payment defaults.

Vietnam Securities Depository requires its members to deposit into the Settlement Support Fund and the Derivatives Trading Clearing Fund to secure their trading obligations.

The securities companies may fulfil customers' securities trading orders only when the customers' balances maintain enough (100%) cash or securities and must carry out further steps to ensure payments prior to execution of the trades.

Credit risk from trading advances is assessed as low.

As at 31 December 2019 and as at 31 December 2018, there were no balance with Vietnam Securities Depository that were past due nor impaired.

*Investment cooperation contracts*

Balances from investment cooperation contracts have been overdue for more than three (3) years and the Company assesses recoverability is not probable. Currently, the Company does not provide this product to customers. The Company has made full provision against these balances.

*Margin loan*

Margin loans are secured by eligible securities listed on stock exchanges, customers' cash and trading proceeds. Under the prevailing regulations on margin lending, the loan limit is set at 50% of the eligible securities' value. Ineligible securities are defined by the stock exchanges on an ad-hoc basis. Eligible securities are approved and frequently updated by Margin lending risk management function based on several criteria including volatility and liquidity.

Customers Securities department has continuous review of margin loan report which includes balances, collateral assets and margin ratio. When the maintenance margin ratio falls below 40% (regulated level: 30%), the system alerts and the Company makes margin calls. When the maintenance margin ratio falls below 30%, the Company forcedly sells out collateral assets to collect the loans.

The market value of collateral assets as at 31 December 2019 was VND5,892,350,988,320 (as at 31 December 2018: VND7,192,604,371,050).

## 10 FINANCIAL RISK MANAGEMENT (continued)

## (a) Credit risk (continued)

*Margin loan (continued)*

According to prevailing securities regulations, the margin loan limit applicable to a balance (for either an individual customer or an institution customer) is 3% of the securities company's equity. As at 31 December 2019 and as at 31 December 2018, there were no margin loan balance that exceeds 3% of the Company's equity.

Analysis of credit quality of margin loans as at reporting date is as follows:

	<b>As at</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Past due and impaired	44,087,380,995	27,288,622,415
Past due but not impaired	-	-
Neither past due nor impaired	1,589,108,910,183	1,558,076,760,658
Provision made	(44,087,380,995)	(27,288,622,415)
<b>Net balance</b>	<b><u>1,589,108,910,183</u></b>	<b><u>1,558,076,760,658</u></b>

*Receivables*

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

As at 31 December 2019 and as at 31 December 2018, there were no receivable that exceeds 10% of the Company's equity.

**10 FINANCIAL RISK MANAGEMENT (continued)****(a) Credit risk (continued)***Receivables (continued)*

Analysis of credit quality of receivables as at reporting date is as follows:

	Past due and impaired VND	Past due but not impaired VND	Neither past due nor impaired VND	Total VND
<b>As at 31.12.2019</b>				
Current	-	-	13,745,630,670	<b>13,745,630,670</b>
Overdue for more than 3 months	1,978,258,478	-	-	<b>1,978,258,478</b>
Provision made	(1,978,258,478)	-	-	<b>(1,978,258,478)</b>
<b>Net balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,745,630,670</b>
<b>As at 31.12.2018</b>				
Current	-	-	20,893,001,331	<b>20,893,001,331</b>
Overdue for more than 3 months	1,978,258,478	-	-	<b>1,978,258,478</b>
Provision made	(1,978,258,478)	-	-	<b>(1,978,258,478)</b>
<b>Net balance</b>	<b>-</b>	<b>-</b>	<b>20,893,001,331</b>	<b>20,893,001,331</b>

**(b) Market risk**

Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate according to changes in market prices. The Company's market risks include interest rate risk and other price risk, currency risk and share price risk.

The Company manages this risk through sensitivity analysis of variables that would impact its financial position and performance, diversification of its investment portfolio, critical appraisal of securities within limited exposures, and hedging where necessary.

- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate as a result of changes in market interest rates. Currently, the Company records its financial assets and financial liabilities under the historical cost convention less decrease in revaluation and provision for decline in value (if any), hence, the Company only has cash flow risk for its interest receivable/payable. The Company is exposed to interest rate risk mainly on its deposits at bank, loans and borrowings.

The Company manages this risk through analysis of market competition in order to obtain the most favourable interest rate for its intended operations while still staying within limited exposures.

The Company's deposits placed with bank, loans and borrowings are at fixed rates and due in short term so interest rate risk is minimal.



## 10 FINANCIAL RISK MANAGEMENT (continued)

## (b) Market risk (continued)

- Market price risk

Shares held by the Company are affected by market risks due to the uncertainty in the future value of these shares. The Company manages its share price risk by setting up investment limits. The Investment Committee of the Company also takes part in appraisal and approval of investment in shares.

As at 31 December 2019, had the prices of the securities increased/decreased by 10% with all other variables being held constant including tax rate, the Company's profit after tax would have been higher/lower by VND27,205,433,265 respectively (as at 31 December 2018: higher/ lower by VND17,762,913,769 respectively).

- Currency risk

Currency risk is the risk that the value of the Company's financial instruments will be affected by changes in exchange rates. The Company manages its currency risk by continuously monitoring of foreign exchange rates and thereby timely updating its forecast of cash flows in foreign currencies.

The Company's operations are exposed to risk of certain currencies, mainly the United States Dollar ("USD").

The Company's currency exposure to the USD is as follows:

	Original currency USD		Equivalent to VND	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
<b>Financial assets</b>				
Cash	-	-	-	-
<b>Financial liabilities</b>				
Borrowings	(5,000,000)	(5,000,000)	(115,900,000,000)	(116,300,000,000)
<b>Net financial liability</b>	<b>(5,000,000)</b>	<b>(5,000,000)</b>	<b>(115,900,000,000)</b>	<b>(116,300,000,000)</b>
<b>Net currency exposure</b>	<b>(5,000,000)</b>	<b>(5,000,000)</b>	<b>(115,900,000,000)</b>	<b>(116,300,000,000)</b>

As at 31 December 2019, if the USD had strengthened/weakened by 10% (estimated % change in exchange rate) against the VND with all other variables being held constant, the Company's profit before tax profit for the year would have been lower/higher by VND11,590,000,000 respectively as a result of foreign exchange losses/gains on translation of USD-denominated financial instruments (as at 31 December 2018: lower/higher by VND11,630,000,000 respectively).

**10 FINANCIAL RISK MANAGEMENT (continued)****(c) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty or fail to perform its financial obligations.

The Company's approach to managing liquidity risk is to ensure that it will always have sufficient reserves of cash to meet its liquidity requirements in both short term and long term.

The table below presents the Company's financial liabilities at contractual undiscounted cash flows falling due within 1 year:

	<b>As at</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Short-term borrowings (Note 3.12)	165,900,000,000	216,300,000,000
Short-term issued bonds (Note 3.12)	879,940,000,000	581,674,000,000
Trading obligations (Note 3.13)	1,020,694,969	1,462,093,407
Short-term trade payable (Note 3.14)	155,595,607,707	167,554,100
Short-term accrued expenses (Note 3.16)	8,001,154,487	14,254,810,696
Other short-term payables (Note 3.17)	33,623,780,883	720,263,781
<b>Total financial liabilities</b>	<b>1,244,081,238,046</b>	<b>814,578,721,984</b>

**(d) Capital Adequacy Ratio**

Capital Adequacy Ratio ("CAR") is an indicator that measures the Company's financial safety and ability to meet its financial obligations and absorb certain losses resulting from risks arising during its business operation.

CAR is calculated and presented in the Company's monthly capital adequacy ratio report in accordance with Circular 87/2017/TT-BTC. Accordingly, the Company is required to maintain a prescribed minimum level of CAR of 180%.

As at 31 December 2019, the Company's CAR was 732% (as at 31 December 2018: 950%).

**11 OPERATING LEASE COMMITMENTS**

The Company is currently renting offices under operating leases. The future minimum lease payments under non-cancellable operating leases contracts are as follows:

	<b>As at</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Within 1 year	13,594,343,129	11,382,797,929
From 1 to 5 years	45,376,508,360	9,718,675,489
<b>Total</b>	<b>58,970,851,489</b>	<b>21,101,473,418</b>

**12 CAPITAL EXPENDITURE COMMITMENTS**

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

	<b>As at</b>	
	<b>31.12.2019</b>	<b>31.12.2018</b>
	<b>VND</b>	<b>VND</b>
Derivatives trading and settlement system and upgrade of underlying securities trading and settlement system	-	3,629,175,000

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

	<b>Volume of</b>	<b>Value of</b>
	<b>transactions</b>	<b>transactions</b>
	<b>during the year</b>	<b>during the year</b>
		<b>VND</b>
<b>(a) Of the Company</b>	<b>43,812,979</b>	<b>840,127,199,695</b>
Shares	43,812,979	840,127,199,695
<b>(b) Of investors</b>	<b>2,845,380,422</b>	<b>48,128,561,851,326</b>
Shares	2,838,354,882	48,104,458,354,926
Other shares	7,025,540	24,103,496,400
	<b>2,889,193,401</b>	<b>48,968,689,051,021</b>

14 SUBSEQUENT EVENTS

There have been no subsequent events occurring after the reporting date that would require adjustments or disclosures to be made in these financial statements.

The financial statements were approved by the Board of Management on 10 March 2020.



Duong Kim Chi  
Preparer



Le Minh Hien  
Chief Accountant



Nguyen Hieu  
General Director  
Authorised signatory