VIETNAM INVESTMENT SECURITIES., JSC

# AUDITED FINANCIAL STATEMENTS

**For the fiscal year ended 31/12/2020**

HA NOI, FEB. - 2021

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# BOARD OF GENERAL DIRECTORS' REPORT

We, members of Board of General Directors of Vietnam Investment Securities., JSC (hereinafter referred to as "the Company") present this Report together with the Company's audited Financial Statements for the fiscal year ended 31/12/2020.

## Board of Management and Board of General Directors

Members of Board of Management and Board of General Directors who held the Company during the fiscal year ended 31/12/2020 and to the Reporting date, include:

***Board of Management***

| | |
|---|---|
| Mr. Li Guang Jie | Chairman |
| Mr. Lee Ming Chuan Eric | Member |
| Mr. Yim Fung | Member |
| Mr. Shao Yu Long | Member (dismissed on 29/06/2020) |
| Ms. Nguyen Thanh Tu | Member |
| Ms. Yang Yan Hua | Member (appointed on 29/06/2020) |

***Board of General Directors***

| | |
|---|---|
| Mr. Hoang Anh | General Director |
| Mr. Bui Quang Ky | Deputy General Director |
| Ms. Le Thi Lan Huong | Financial Director |

## Respective responsibilities of Board of General Directors

Board of General Directors of the Company is responsible for preparing these financial statements which give a true and fair view of the financial position, business performance, cash flows and changes in equity of the Company in the year, in accordance with Vietnamese Accounting Standards, Vietnamese Accounting regime for Securities Companies and legal regulations relating to the preparation and presentation of the financial statements of Securities Companies. In the preparation of these Financial Statements, Board of General Directors is required to:

- Select suitable accounting policies and then consistently apply them;
- Make judgments and estimates that are reasonable and prudent;
- State whether appropriate accounting standards are respected or any application of material misstatements needs to be disclosed and justified in Financial Statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- Design and implement an effective internal control system for the purpose of properly preparing and presenting the Financial Statements so as to minimize risks and frauds.

## BOARD OF GENERAL DIRECTORS' REPORT

*(continued)*

The Company's Board of General Directors 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 that the financial statements comply with Vietnamese Accounting Standards, Vietnamese Accounting regime for Securities Companies and legal regulations relating to the preparation and presentation of the Financial Statements. Board of General Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

Board of Directors confirms that the Company has complied with the above requirements in preparing these Financial statements.

*For and on behalf of Board of Directors,*
**VIETNAM INVESTMENT SECURITIES .,JSC**

S.G.P: 69 - C.T.C.P
CÔNG TY
CỔ PHẦN CHỨNG KHOÁN
ĐẦU TƯ
VIỆT NAM
Q. CẦU GIẤY - T.P HÀ NỘI

**Hoang Anh**
**General Director**
*Ha Noi, Feb. 22th, 2021*

**Vietnam Auditing and Valuation Company Limited**
Address: 14th Floor, SUDICO Building, Me Tri Street
My Dinh 1 Ward, South Tu Liem District, Hanoi, Vietnam
Tel: (+84 24) 3868 9566 / (+84 24) 3868 9588
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Ref.: 203 /BCTC/TC/NV8 *Ha Noi, Feb.........., 2021*

# INDEPENDENT AUDIT REPORT

***To:*** **Shareholders**
**Board of Management and Board of General Directors**
**Vietnam Investment Securities., JSC**

We have audited the accompanying Financial Statements of Vietnam Investment Securities., JSC (hereinafter referred to as "the Company"), *prepared on Feb. 22th 2021, from page 06 to page 40*, including: Statement of Financial Position as at 31/12/2020, Income Statement, Cash Flow Statement, Statement of Changes in Equity and Notes to the Financial Statements for the fiscal year then ended.

**Respective responsibilities of Board of General Directors**

Board of General Directors of the Company is responsible for the preparation and true & fair presentation of the Financial Statements of Company in accordance with Vietnamese Accounting Standards, Vietnamese Accounting regime for Securities companies and legal regulations relating to the preparation and presentation of the Financial Statements and for such internal control as Board of General Directors determines necessary to enable the presentation of financial statements that are free from material misstatements whether due to fraud or error.

**Respective responsibilities of Auditor**

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 requirements, plan and perform the audit to obtain reasonable assurance about whether the Financial Statements of the Company are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the Financial Statements. The procedures are selected depending on the auditor's judgement, including the assessment on risk of material misstatements of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and true & 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board of General Directors as well as evaluating the overall presentation of the Financial Statements.

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

**Auditor's opinion**

In our opinion, in all material respects, the Financial Statements have given a true and fair view of the financial position of the Company as at 31/12/2020 as well as the business performance, cash flows and changes in equity for the fiscal year then ended, in accordance with Vietnamese Accounting Standards, Vietnamese Accounting regime for Securities companies and legal regulations related to the preparation and presentation of Financial Statements of Securities companies.

M.S.D.N: 0102061074 - C.T.T.N.H.H ★ CÔNG TY TNHH KIỂM TOÁN VÀ THẨM ĐỊNH GIÁ VIỆT NAM ★ Q. NAM TỪ LIÊM - T.P HÀ NỘI

**Nguyen Bao Trung**
Deputy General Director
*Certificate of audit practice registration*
*No. 0373-2018-126-1*
For and on behalf of
**VIETNAM AUDITING AND VALUATION CO., LTD**

**Mai Quang Hiep**
Auditor
*Certificate of audit practice registration*
*No. 1320-2018-126-1*

**Form B01-CTCK**

## STATEMENT OF FINANCIAL POSITION

*As at 31/12/2020*

Unit: VND

| ASSETS | Codes | Notes | 31/12/2020 | 01/01/2020 |
|---|---|---|---|---|
| **A. CURRENT ASSETS (100 = 110+130)** | **100** | | **425,914,796,556** | **445,894,839,380** |
| **I. Financial assets** | **110** | | **424,116,806,667** | **443,020,205,541** |
| 1. Cash and cash equivalents | 111 | VI.1. | 12,160,364,335 | 100,646,163,287 |
| 1.1. Cash | 111.1 | | 12,160,364,335 | 50,646,163,287 |
| 1.2. Cash equivalents | 111.2 | | - | 50,000,000,000 |
| 2. Financial assets at fair value through profit or loss (FVTPL) | 112 | VI.3.1 | 33,831,395,940 | 41,462,265,520 |
| 3. Held-to-maturity (HTM) investments | 113 | VI.3.3 | 95,000,000,000 | 170,000,000,000 |
| 4. Loans | 114 | VI.3.4 | 276,658,861,336 | 140,652,435,851 |
| 6. Provision for impairment of financial assets and mortgaged assets | 116 | VI.3.5 | (14,744,101,362) | (14,744,101,362) |
| 8. Advances to suppliers | 118 | VI.4. | 402,070,840 | 150,718,840 |
| 9. Receivables from services provided by the securities company | 119 | VI.5. | 97,732,067 | 93,095,965 |
| 12. Other receivables | 122 | VI.5. | 60,345,588,978 | 25,394,732,907 |
| 13. Provision for impairment of receivables (*) | 129 | VI.11. | (39,635,105,467) | (20,635,105,467) |
| **II. Other current assets** | **130** | | **1,797,989,889** | **2,874,633,839** |
| 1. Advances | 131 | | - | 944,384,110 |
| 3. Short-term prepaid expenses | 133 | VI.7. | 883,277,782 | 464,635,657 |
| 4. Short-term mortgage, collaterals, deposits | 134 | | 1,800,000 | 33,195,000 |
| 6. Taxes and receivables from the State budget | 136 | | 182,864,747 | 702,371,712 |
| 7. Other current assets | 137 | | 730,047,360 | 730,047,360 |
| **B. NON-CURRENT ASSETS (200 = 210 + 220 + 230 + 240 + 250 - 260)** | **200** | | **255,799,209,725** | **225,759,440,066** |
| **I. Long-term financial assets** | **210** | | **235,000,000,000** | **213,896,116,130** |
| 2. Investments | 212 | VI.6. | 252,000,000,000 | 236,000,000,000 |
| 2.1. Held-to-maturity (HTM) investments | 212.1 | | 235,000,000,000 | 200,000,000,000 |
| 2.3. Investments in associates, joint ventures | 212.3 | | 17,000,000,000 | 17,000,000,000 |
| 2.4. Other long-term investments | 212.4 | | - | 19,000,000,000 |
| 3. Provision for long-term financial assets | 213 | | (17,000,000,000) | (22,103,883,870) |
| **II. Fixed assets** | **220** | | **12,703,944,316** | **4,036,198,205** |
| 1. Tangible fixed assets | 221 | VI.9. | 5,957,689,994 | 825,198,230 |
| *- Historical cost* | *222* | | *14,962,217,362* | *9,179,692,262* |
| *- Accumulated depreciation (*)* | *223a* | | *(9,004,527,368)* | *(8,354,494,032)* |
| 3. Intangible fixed assets | 227 | VI.10. | 6,746,254,322 | 3,210,999,975 |
| *- Historical cost* | *228* | | *35,585,357,000* | *33,574,900,000* |
| *- Accumulated depreciation (*)* | *229a* | | *(28,839,102,678)* | *(30,363,900,025)* |
| **IV. Construction in progress** | **240** | | - | - |
| **V. Other long-term assets** | **250** | | **8,095,265,409** | **7,827,125,731** |
| 1. Long-term deposits, collaterals and pledges | 251 | | 750,406,100 | 750,406,100 |
| 2. Long-term prepaid expenses | 252 | VI.7. | 398,108,019 | 711,730,363 |
| 4. Payment for Settlement Assistance Fund | 254 | VI.8. | 6,946,751,290 | 6,364,989,268 |
| **TOTAL ASSETS (270 = 100 + 200)** | **270** | | **681,714,006,281** | **671,654,279,446** |

*(Notes from page 14 to page 40 are an integral part of these Financial Statements).*

**Form B01-CTCK**

## STATEMENT OF FINANCIAL POSITION

*As at 31/12/2020*

*(cont.,)*

Unit: VND

| EQUITY AND LIABILITIES | Codes | Notes | 31/12/2020 | 01/01/2020 |
|---|---|---|---|---|
| **C. LIABILITIES (300 = 310 + 340)** | **300** | | **5,801,568,534** | **5,131,121,140** |
| **I. Current liabilities** | **310** | | **5,801,568,534** | **5,131,121,140** |
| 8. Short-term trade payables | 320 | VI.19. | 463,366,911 | 148,065,864 |
| 9. Short-term advance from customers | 321 | | 78,500,000 | 78,500,000 |
| 10. Taxes and payables to State Budget | 322 | VI.17. | 700,476,465 | 330,314,345 |
| 11. Payables to employees | 323 | | 1,807,192,935 | 1,697,283,277 |
| 12. Employee benefits | 324 | | 308,576,870 | 478,411,270 |
| 13. Short-term accrued expenses | 325 | VI.18. | 527,453,850 | 299,527,655 |
| 17. Other short-term payables | 329 | VI.20. | 1,820,413,280 | 2,003,430,506 |
| 19. Bonus and welfare fund | 331 | | 95,588,223 | 95,588,223 |
| **II. Non-current liabilities** | **340** | | - | - |
| **D. OWNER'S EQUITY (400 = 410 + 420)** | **400** | | **675,912,437,747** | **666,523,158,306** |
| **I. Owner's equity** | **410** | | **675,912,437,747** | **666,523,158,306** |
| 1. Owner's contributed capital | 411 | | **721,780,000,000** | **721,780,000,000** |
| 1.1. Owner's contributed capital | 411.1 | | 693,500,000,000 | 693,500,000,000 |
| a. Ordinary shares | 411.1a | | 693,500,000,000 | 693,500,000,000 |
| 1.2. Share Premium | 411.2 | | 28,280,000,000 | 28,280,000,000 |
| 4. Charter capital supplementary reserve | 414 | | 1,169,366,013 | 1,169,366,013 |
| 5. Operational risk and financial reserve | 415 | | 648,823,913 | 648,823,913 |
| 7. Retained earnings | 417 | VI.22. | (47,685,752,179) | (57,075,031,620) |
| *7.1. Realized earnings after tax* | *417.1* | | *(47,683,665,713)* | *(55,692,149,493)* |
| *7.2. Unrealized earnings* | *417.2* | | *(2,086,466)* | *(1,382,882,127)* |
| **II. Other budgets and funds** | **420** | | - | - |
| **TOTAL LIABILITIES & OWNER'S EQUITY (440=300+400)** | **440** | | **681,714,006,281** | **671,654,279,446** |

*(Notes from page 14 to page 40 are an integral part of these Financial Statements).*

**Form B01-CTCK**

## STATEMENT OF FINANCIAL POSITION

*As at 31/12/2020*

*(cont.,)*

### OFF STATEMENT OF FINANCIAL POSITION

| Items | Codes | Notes | 31/12/2020 | 01/01/2020 |
|---|---|---|---|---|
| **A. Assets of the Company and assets managed under agreement** | | | | |
| 6. Outstanding shares | 006 | VI.23. | 69,350,000 | 69,350,000 |
| 8. Listed financial assets/ securities trading registration at VSD of Securities company | 008 | VI.12. | 3,670,000 | 4,149,290,000 |
| a. Unrestricted financial assets | 008.1 | | 3,670,000 | 4,149,290,000 |
| 12. Non-depository financial assets at VSD of Securities company | 012 | VI.13. | 33,825,400,000 | 33,825,400,000 |
| **B. Assets and payables under agreement with investors** | | | | |
| 1. Listed/registed financial assets for securities transaction at VSD of investors | 021 | | 2,058,947,300,000 | 2,016,271,760,000 |
| a. Unrestricted financial assets | 021.1 | VI.14. | 2,032,720,430,000 | 1,970,542,050,000 |
| b. Restricted financial assets | 021.2 | VI.14. | - | 95,000,000 |
| c. Mortgage trading financial assets | 021.3 | VI.14. | - | - |
| d. Blocked financial assets | 021.4 | VI.14. | 10,441,350,000 | 30,637,810,000 |
| e. Financial assets awaiting for settlement | 021.5 | VI.14. | 15,785,520,000 | 14,996,900,000 |
| 2. Financial assets deposited at VSD and non-trading of investors | 022 | | 57,570,770,000 | 73,412,840,000 |
| d. Financial assets deposited at VSD and non-trading, blockaded, temporarily seizured | 022.4 | VI.15. | 57,570,770,000 | 73,412,840,000 |
| 7. Cash of customers | 026 | VI.16. | 145,241,662,508 | 57,521,593,273 |
| 7.1. Investors' deposits of securities trading upon management method of Securities company | 027 | | 145,241,662,508 | 57,521,593,273 |
| 8. Deposits of securities trading upon management method of Securities company payable to investors | 031 | VI.21. | 145,241,662,508 | 57,521,593,273 |
| 8.1. Deposits of securities trading upon management method of Securities company payable to domestic investors | 031.1 | | 143,461,823,407 | 54,992,788,908 |
| 8.2. Deposits of securities trading upon management method of Securities company payable to foreign investors | 031.2 | | 1,779,839,101 | 2,528,804,365 |

*Ha Noi, Feb. 22th, 2021*

**VIETNAM INVESTMENT SECURITIES., JSC**

| Preparer | Chief Accountant | General Director |
|---|---|---|
| Nguyen Thi Lan | Nguyen Thi Hong | Hoang Anh |

CÔNG TY CỔ PHẦN CHỨNG KHOÁN ĐẦU TƯ VIỆT NAM

**Form B02-CTCK**

# INCOME STATEMENT

*For the fiscal year ended 31/12/2020*

Unit: VND

| ITEMS | Codes | Notes | Year 2020 | Year 2019 |
|---|---|---|---|---|
| **I. OPERATING REVENUE** | | | | |
| 1.1. Financial assets at fair value through profit or loss (FVTPL) | | | 1,382,223,181 | 1,269,137,367 |
| a. Profit from selling FVTPL | 01.1 | VII.1.1 | 289,145 | 232,755,617 |
| b. Increase due to revaluation of financial assets at fair value through profit or loss (FVTPL) | 01.2 | VII.1.2 | 1,381,635,126 | 106,644,050 |
| c. Dividends, profit from financial assets at fair value through profit or loss (FVTPL) | 01.3 | VII.1.3 | 298,910 | 929,737,700 |
| 1.3. Gain from loans and receivables | 03 | VII.1.3 | 16,645,614,604 | 14,909,863,790 |
| 1.6. Revenue from securities brokerage | 06 | | 11,216,857,468 | 8,242,674,628 |
| 1.8. Financial consultancy and Securities investment advisory service | 08 | | - | (46,363,637) |
| 1.9. Revenue from securities depository activity | 09 | | 700,937,863 | 897,412,343 |
| 1.11. Income from other activities | 11 | | - | - |
| **Total operating revenue (20 = 01 ->11)** | **20** | | **29,945,633,116** | **25,272,724,491** |
| **II. OPERATING EXPENSES** | | | | |
| 2.1. Loss of financial assets at fair value through profit or loss (FVTPL) | 21 | | 1,957,910,751 | 16,713,345,757 |
| a. Loss from selling FVTPL | 21.1 | VII.1.1 | 1,957,071,286 | 14,025,000,000 |
| b. Decrease due to revaluation of financial assets at fair value through profit or loss (FVTPL) | 21.2 | VII.1.2 | 839,465 | 2,688,345,757 |
| 2.4. Provision expense of financial assets, lost solution of doubtful receivables and losses of diminution in financial assets and borrowing expenses | 24 | VII.4 | - | 12,281,454,171 |
| 2.7. Securities brokerage activity expense | 27 | VII.4 | 9,975,875,528 | 8,643,248,491 |
| 2.10. Securities depository activity expense | 30 | VII.4 | 784,856,561 | 881,236,071 |
| 2.11. Expenses of financial advisory activities | 31 | VII.4 | 629,033,633 | 297,711,069 |
| **Total operating expenses (40 = 21 ->32)** | **40** | | **13,347,676,473** | **38,816,995,559** |
| **III. REVENUE FROM FINANCIAL ACTIVITIES** | | | | |
| 3.2. Revenue, accrued dividends, interests on unfixed bank deposits | 42 | VII.2. | 27,432,287,806 | 6,753,081,538 |
| **Total financial revenue (50 = 41 ->44)** | **50** | | **27,432,287,806** | **6,753,081,538** |
| **IV FINANCE EXPENSES** | | **VII.3.** | **13,896,116,130** | **22,103,883,870** |
| 4.4. Provisions for diminution in value of long-term financial investments | 54 | | 13,896,116,130 | 22,103,883,870 |
| **Total finance expenses (60 = 51 ->55)** | **60** | | **13,896,116,130** | **22,103,883,870** |

*(Notes from page 14 to page 40 are an integral part of these Financial Statements).*

**Form B02-CTCK**

## INCOME STATEMENT

*For the fiscal year ended 31/12/2020*

Unit: VND

| ITEMS | Codes | Notes | Year 2020 | Year 2019 |
|---|---|---|---|---|
| **V. SELLING EXPENSES** | **61** | | - | - |
| **VI. GENERAL AND ADMINISTRATION EXPENSE OF SECURITIES COMPANY** | **62** | **VII.5.** | **17,116,089,425** | **29,441,034,655** |
| **VII. OPERATING RESULT ( 70 = 20 + 50 - 40 - 60 - 61 - 62)** | **70** | | **13,018,038,894** | **(58,336,108,055)** |
| **VIII. OTHER INCOME AND OTHER EXPENSES** | | | | |
| 8.1 Other income | 71 | VII.6. | 1,156 | 182,718,182 |
| 8.2 Other expenses | 72 | | 3,109,253,644 | - |
| **Total other operating result (80 = 71 - 72)** | **80** | | **(3,109,252,488)** | **182,718,182** |
| **IX. TOTAL ACCOUNTING PROFIT BEFORE TAX (90 = 70 + 80)** | **90** | | **9,908,786,406** | **(58,153,389,873)** |
| 9.1. Realized earnings | 91 | | 8,527,990,745 | (55,571,688,166) |
| 9.2. Unrealized earnings | 92 | VII.1.2 | 1,380,795,661 | (2,581,701,707) |
| **X. CIT EXPENSE** | **100** | | **519,506,965** | **-** |
| 10.1. Current CIT expense | 100.1 | VII.7. | 519,506,965 | - |
| 10.2. Deferred CIT expense | 100.2 | | - | - |
| **XI. TOTAL ACCOUNTING PROFIT AFTER TAX (200 = 90-100)** | **200** | | **9,389,279,441** | **(58,153,389,873)** |
| **XII. OTHER COMPREHENSIVE INCOME (LOSS) AFTER CIT** | **300** | | - | - |
| **Total comprehensive income** | **400** | | **9,389,279,441** | **(58,153,389,873)** |
| **XIII. NET INCOME ON ORDINARY SHARE** | **500** | | **135.39** | **(838.55)** |
| 13.1. Basic earning per share (VND per share) | 501 | | 135.39 | (838.55) |
| 13.2. Diluted earning per share (VND per share) | 502 | | - | - |

*Ha Noi, Feb. 22th, 2021*

**VIETNAM INVESTMENT SECURITIES., JSC**

| Preparer | Chief Accountant | General Director |
|---|---|---|
| **Nguyen Thi Lan** | **Nguyen Thi Hong** | **Hoang Anh** |

S.G.P.: 69 C.T.C.P CÔNG TY CỔ PHẦN CHỨNG KHOÁN ĐẦU TƯ VIỆT NAM Q. CẦU GIẤY - T.P HÀ NỘI

*(Notes from page 14 to page 40 are an integral part of these Financial Statements).*

Form B 03 - CTCK

# CASH FLOW STATEMENT

*(Under indirect method)*
*For the fiscal year ended 31/12/2020*

Unit: VND

| | Items | Codes | Notes | Year 2020 | Year 2019 |
|---|---|---|---|---|---|
| **I.** | **Cash flow from operating activities** | | | | |
| ***1.*** | ***Profit before corporate income tax*** | *01* | | ***9,908,786,406*** | ***(58,153,389,873)*** |
| ***2.*** | ***Adjustments for:*** | *02* | | ***(9,273,335,687)*** | ***40,715,991,167*** |
| | - Depreciation of fixed assets | 03 | | 1,426,452,670 | 1,065,526,331 |
| | - Provisions | 04 | | 13,896,116,130 | 46,603,546,374 |
| | - Gain, loss from investment activities | 07 | | (27,432,287,806) | (6,953,081,538) |
| | - Other adjustments | 09 | | 2,836,383,319 | - |
| ***3.*** | ***Increase in non-cash expenses*** | ***10*** | | ***4,009,747*** | ***1,385,046,417*** |
| | - Loss from revaluation of financial assets at fair value through profit or loss (FVTPL) | 11 | | 4,009,747 | 1,385,046,417 |
| ***4.*** | ***Decrease in non-cash revenues*** | ***20*** | | ***(1,923,281)*** | ***(2,164,290)*** |
| | - Gain from revaluation of financial assets at fair value through profit or loss (FVTPL) | 19 | | (1,923,281) | (2,164,290) |
| ***5.*** | ***Profit from operating activities before changes in working capital*** | **30** | | ***(103,625,041,843)*** | ***(355,780,740,818)*** |
| | - Increase (decrease) in financial assets at fair value through profit or loss (FVTPL) | 31 | | 7,628,783,114 | 18,516,352,363 |
| | - Increase (decrease) in Held-to-maturity (HTM) investments | 32 | | 40,000,000,000 | (370,000,000,000) |
| | - Increases (decrease) in loans | 33 | | (136,006,425,485) | 1,529,167,471 |
| | - Increase (decrease) in receivables from services provided by securities company | 37 | | (4,636,102) | 220,000,000 |
| | - Increases (Decrease) in other receivables | 39 | | (15,950,856,071) | (5,546,560,518) |
| | - Increases (Decrease) in other assets | 40 | | 944,384,110 | (259,827,010) |
| | - Increase (decrease) in accrued expenses (excluding interest expense) | 41 | | 227,926,195 | (131,346,366) |
| | - Increase (Decrease) in prepayment expense | 42 | | (105,019,781) | 685,612,236 |
| | - Corporate Income Tax paid | 43 | | - | (1,685,514,481) |
| | - Increase (Decrease) in Trade accounts payable | 45 | | 63,949,047 | 124,201,497 |
| | - Increase (Decrease) in amounts paid for employees welfare | 46 | | (169,834,400) | 243,200,500 |
| | - Increase (decrease) in tax and other payables to the State (excluding CIT paid) | 47 | | 370,162,120 | (25,095,333) |
| | - Increase (decrease) in payables to employees | 48 | | 109,909,658 | 1,093,800,977 |
| | - Increase (decrease) in other payables | 50 | | (183,017,226) | 243,359,321 |
| | - Other cash inflows from operating activities | 51 | | - | - |
| | - Other cash outflows from operating activities | 52 | | (550,367,022) | (788,091,475) |
| | ***Net cash flow from operating activities*** | ***60*** | | ***(102,987,504,658)*** | ***(371,835,257,397)*** |
| **II.** | **Cash flow from investment activities** | | | | |
| 1. | Payment for acquisitions, constructions of fixed assets, investment properties and other non-current assets | 61 | | (12,930,582,100) | (491,580,760) |
| 2. | Proceeds from liquidation and sale of fixed assets, investment properties and other assets | 62 | | - | 200,000,000 |
| 5. | Proceeds from distributed dividends and profits of long-term financial investment | 65 | | 27,432,287,806 | 6,753,081,538 |
| | ***Net cash flow from investment activities*** | ***70*** | | ***14,501,705,706*** | ***6,461,500,778*** |

*(Notes from page 14 to page 40 are an integral part of these Financial Statements).*

**Form B 03 - CTCK**

## CASH FLOW STATEMENT

*(Under indirect method)*
*For the fiscal year ended 31/12/2020*
*(cont.,)*

| | | | | |
|---|---|---|---|---|
| **III. Cash flow from financial activities** | | | | |
| 1. Proceeds from issuing shares, receiving equity contributed by the owner | 71 | | - | 381,780,000,000 |
| ***Net cash flow from financial activities*** | ***80*** | | **-** | ***381,780,000,000*** |
| **IV. Increase/decrease in net cash in the period (90=60+70+80)** | **90** | | **(88,485,798,952)** | **16,406,243,381** |
| **V. Cash and cash equivalents at the beginning of the period** | **101** | **VI.1.** | **100,646,163,287** | **84,239,919,906** |
| - Cash | 102 | | 50,646,163,287 | 7,839,919,906 |
| - Cash equivalents | 102.1 | | 50,000,000,000 | 76,400,000,000 |
| **VI. Cash and cash equivalents at the end of the period** | **103** | **VI.1.** | **12,160,364,335** | **100,646,163,287** |
| - Cash | 104 | | 12,160,364,335 | 50,646,163,287 |
| - Cash equivalents | 104.1 | | - | 50,000,000,000 |

## CASH FLOWS OF CUSTOMERS' BROKERAGE, TRUST ACTIVITIES

Unit: VND

| Items | Codes | Notes | Year 2020 | Year 2019 |
|---|---|---|---|---|
| **I. Cash flows from brokerage and trust activities of the customers** | | | | |
| 1. Proceed from disposal of brokerage securities of customers | 01 | | 3,446,694,187,300 | 2,561,870,892,850 |
| 2. Cash payments for acquisition of brokerage securities of customers | 02 | | (3,505,709,208,800) | (2,394,775,152,150) |
| 7. Cash receipts for settlement of securities transactions of customers | 07 | | 2,432,927,328,049 | 2,186,277,473,836 |
| 8. Payment for securities transactions of customers | 08 | | (2,286,192,237,314) | (2,421,924,838,762) |
| ***Increase/decrease in net cash in the period*** | ***20*** | | ***87,720,069,235*** | ***(68,551,624,226)*** |
| **II. Cash and cash equivalent of customers at the beginning of the period** | **30** | **VI.14.** | **57,521,593,273** | **126,073,217,499** |
| Opening balance of cash in bank | 31 | | 57,521,593,273 | 126,073,217,499 |
| - Deposit for clearing and payment of securities trading | 34 | | 57,521,593,273 | 126,073,217,499 |
| **III. Cash and cash equivalent of customers at the end of the period** | **40** | **VI.14.** | **145,241,662,508** | **57,521,593,273** |
| Closing balance of cash in bank | 41 | | 145,241,662,508 | 57,521,593,273 |
| - Deposit for clearing and payment of securities trading | 44 | | 145,241,662,508 | 57,521,593,273 |

*Ha Noi, Feb. 22th, 2021*

**VIETNAM INVESTMENT SECURITIES., JSC**

| Preparer | Chief Accountant | General Director |
|---|---|---|
| **Nguyen Thi Lan** | **Nguyen Thi Hong** | **Hoang Anh** |

S.G.P: 69 - CTY C.P. CÔNG TY CỔ PHẦN CHỨNG KHOÁN ĐẦU TƯ VIỆT NAM Q. CẦU GIẤY - T.P HÀ NỘI

**Form B04-CTCK**

## STATEMENT OF CHANGES IN OWNER'S EQUITY

*For the fiscal year ended 31/12/2020*

Unit: VND

| Items | Notes | Opening balance | | Increase/decrease | | | | Closing balance | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Year 2019 | | Year 2020 | | | |
| | | 01/01/2019 | 01/01/2020 | Tăng | Giảm | Tăng | Giảm | 31/12/2019 | 31/12/2020 |
| **I. Changes in owner's equity** | | | | | | | | | |
| 1. Owner's contributed capital | | 340,000,000,000 | 721,780,000,000 | 381,780,000,000 | - | - | - | 721,780,000,000 | 721,780,000,000 |
| 1.1. Ordinary shares with voting right | | 340,000,000,000 | 693,500,000,000 | 353,500,000,000 | - | - | - | 693,500,000,000 | 693,500,000,000 |
| 1.3. Share Premium | | - | 28,280,000,000 | 28,280,000,000 | - | - | - | 28,280,000,000 | 28,280,000,000 |
| 3. Charter capital reverse fund | | 1,169,366,013 | 1,169,366,013 | - | - | - | - | 1,169,366,013 | 1,169,366,013 |
| 4. Funds of financial reserve and accounting activity risk | | 648,823,913 | 648,823,913 | - | - | - | - | 648,823,913 | 648,823,913 |
| 8. Retained earnings | | 1,078,358,253 | (57,075,031,620) | - | 58,153,389,873 | 9,389,279,441 | - | (57,075,031,620) | (47,685,752,179) |
| 8.1. Realized earnings after tax | | (120,461,327) | (55,692,149,493) | - | 55,571,688,166 | 8,008,483,780 | - | (55,692,149,493) | (47,683,665,713) |
| 8.2. Unrealized earnings | | 1,198,819,580 | (1,382,882,127) | - | 2,581,701,707 | 1,380,795,661 | - | (1,382,882,127) | (2,086,466) |
| **Total** | | **342,896,548,179** | **666,523,158,306** | **381,780,000,000** | **58,153,389,873** | **9,389,279,441** | - | **666,523,158,306** | **675,912,437,747** |

*Ha Noi, Feb. 22th, 2021*

**VIETNAM INVESTMENT SECURITIES., JSC**

| Preparer | Chief Accountant | General Director |
|---|---|---|
| Nguyen Thi Lan | Nguyen Thi Hong | Hoang Anh |

CÔNG TY CỔ PHẦN CHỨNG KHOÁN ĐẦU TƯ VIỆT NAM

*(Notes from page 14 to page 40 are an integral part of these Financial Statements).*

**Form B09-CTCK**

# NOTES TO THE FINANCIAL STATEMENTS

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

## I. Operational characteristics of the Securities Company

### 1. Form of ownership

Vietnam Investment Securities., JSC (hereinafter referred to as "the Company"), formerly VNS Securities., JSC which was established and operated under the Certificate of Securities Business Registration No.69/UBCK-GPHDKD dated 28/08/2007. The Company has been renamed into Vietnam Investment Securities., JSC under the amended License for Establishment and Operation for Securities company No. 54/GPDC-UBCK dated 27/09/2011 issued by Chairman of State Securities Commission. Currently, The Company operates under the amendment of the License for Establishment and Operation for Securities Company No. 45/GPDC-UBCK dated 20/12/2016, No. 06/GPDC-UBCK dated 17/01/2018, No.30/GPDC-UBCK dated 17/05/2019 and No.64/GPDC-UBCK dated 22/10/2019 issued by the Chairman of the State Securities Commission.

Under the amendment of the License for Establishment and Operation for Securities company No.64/GPDC-UBCK dated 22/10/2019 issued by the Chairman of the State Securities Commission, the Company's charter capital is **VND 693,500,000,000** *(Six hundred and ninety-three billion, five hundred million Vietnamese dongs)*.

Shares of the Company are listed on the Hanoi Stock Exchange under securities code of IVS.

Charter of Securities Company was issued on 28/08/2007 and amended on 27/09/2011, 20/12/2016 and 06/12/2019.

***The Company's Head Office is located at:*** Room 9-10, Floor 1, Charmvit Tower building, No. 117 Tran Duy Hung street, Trung Hoa ward, Cau Giay District, Hanoi.

### 2. Business domain

The Company's principal business domain includes:

- Securities brokerage;
- Financial consultancy and Securities investment advisory;
- Securities custody;
- Securities Proprietary dealing./.

### 3. Limit on investment

Following Article 44, Circular No. 210/2012/TT-BTC dated 30/11/2012 issued by Ministry of Finance and Circular No. 07/2016/TT-BTC dated 18/01/2016 amending some articles of Circular No. 210/2012/TT-BTC:

- A securities company must not purchase, or make capital contribution for purchase of real estate except for the purpose of use for the headquarters, a branch or transaction office directly serving professional business activities of the securities company.

- A securities company shall purchase and/or invest in real estate in accordance with clause 1 of this article and fixed assets on the principle that the residual value of the fixed assets or real estate does not exceed fifty (50) percent of the total value of the assets of the securities company.

## NOTES TO THE FINANCIAL STATEMENTS *(cont.,)*

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

- A securities company must not use more than seventy percent (70%) of its equity to invest in purchase of enterprise bonds. A securities company is eligible for license issuance in respect of securities dealing, trading bonds which are listed in accordance with the related regulations of bond transactions.

- A securities company must not itself, or authorize another organization or individual to:

  + Invest in shares of or contribute capital to a company owning more than fifty (50) per cent of the charter capital of the securities company, except for the case of purchase of odd lots upon request of clients;

  + Make a joint investment with an affiliated person of five per cent or more in the charter capital of another securities company;

  + Invest more than twenty (20) per cent in the total currently circulating shares or fund certificates of a listing organization;

  + Invest more than fifteen (15) per cent in the total currently circulating shares or fund certificates of an unlisted organization; but this provision does not apply to member fund certificates, exchange traded fund certificates or open fund certificates;

  + Invest or contribute capital of more than ten (10) per cent in the total paid-up capital of a limited liability company or of a business project;

  + Invest or contribute capital of more than fifteen (15) per cent of its equity in a single organization or business project;

  + Invest more than seventy (70) per cent of its equity in shares, capital contributions and business projects, of which it is not permitted to invest more than twenty (20) per cent of its equity in unlisted shares, capital contribution portions and business projects.

- A securities company which intends to establish a subsidiary company or acquire a fund management company to form a subsidiary company must satisfy the following conditions:

  + Its equity after capital contribution for establishment of the subsidiary company or acquisition of the fund management company shall equal at least the regulated legal capital level applicable to professional business activities currently conducted by the company;

  + The ratio of its liquid capital after capital contribution for establishment of the subsidiary company or acquisition of the fund management company shall reach at least one hundred eighty per cent (180%).

- Where any investment by a securities company exceeds the limits due to underwriting of an issue in the form of a firm undertaking, a consolidation, merger or a change in assets or equity of the securities company or of the capital contributing organization, the securities company must take necessary measures to comply with the limits on investment set out.

### 4. Structure of enterprise

***List of accounting subordinate entities***

The Company has a subordinate without legal status and with dependent accounting, that is the branch of Vietnam Investment Securities., JSC in Ho Chi Minh City, located at 4th floor, No.2 BIS, Cong Truong Quoc Te St., Ward 6, District 3, HCM city.

## NOTES TO THE FINANCIAL STATEMENTS *(cont.,)*

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

### II. Accounting period, currency used in accounting

#### 1. Accounting period

The Company's accounting period begins on 01/01 and ends on 31/12 as usual.

#### 2. Accounting currency

The currency used in accounting is Vietnam dong ("VND") in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to securities companies and statutory requirements relevant to preparation and presentation of the financial statements.

### III. Applied accounting standards and systems

#### 1. Applied accounting standards and systems

The Company applies Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to securities companies and statutory requirements relevant to preparation and presentation of the financial statements according to the Circular No. 210/2014/TT-BTC dated 30/12/2014 (Circular 210) by Ministry of Finance guiding the accounting regime for securities enterprises and Circular No. 334/2016/TT-BTC (Circular 334) dated 27/12/2016 "Amending and superseding Appendices 02 and 04 in Circular 210 by Ministry of Finance guiding the accounting for securities companies.

#### 2. Pronounce on compliance with Vietnamese Accounting Standards and systems

The Company's Financial Statements are prepared and presented in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to securities companies and statutory requirements relevant to preparation and presentation of the financial statements.

### IV. Applicable accounting policies

#### 1. Principle of recognizing cash and cash equivalents

*Operating deposits of the Securities company*

Cash is the general index reflecting the total cash amount owned by the enterprise as at the reporting date, including cash on hand, demand deposits at bank, deposits for securities transaction clearing and payment (*of Securities Companies*), recorded and reported in Vietnamese dong (VND), in accordance with regulations of Law on Accounting No. 88/2015/QH13 dated 20/11/2015 taking effect from 01/01/2017.

Cash equivalents are short-term investments with maturity less than 3 months from the date of investment, that can be easily converted into a certain amount of cash and there is no risk in conversion into cash at the time of reporting, in compliance with Vietnamese Accounting Standard No. 24 - Cash Flow Statement.

Cash deposited by customers for securities trading and cash deposited by investors for clearing securities trading transactions are presented at Off - Statement of Financial Position.

## NOTES TO THE FINANCIAL STATEMENTS *(cont.,)*

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

*Deposits of investors*

Investors' deposits include deposits from customers for securities trading upon management method of the Securities company.

*Cash deposited by investors for clearing securities trading transactions*

Cash deposited by investors for clearing securities trading transactions is the cash available for clearing securities trading transactions between the Company and customers upon requests by Vietnam Securities Depository for sales and purchases of securities.

### 2. Principle and Accounting for Financial assets at fair value through profit and loss (FVTPL), Held-to-Maturity investments, loans and receivables

### *2.1 Principles for classifying financial assets and liabilities under the Company's investment list*

*Financial assets recognized at fair value through profit and loss (FVTPL) are financial assets that satisfy either of the following conditions:*

a) Financial assets are classified as held for trading. A financial asset is classified as held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the short term;
- There is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is defined as a financial guarantee contract or effective hedging instrument).

b) Upon initial recognition, a financial asset is designated by the entity at fair value through profit and loss for more reasonable presentation asit meets one of the following criteria:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the asset or recognizing gains or losses on a different basis.
- The assets and liabilities are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investmentstrategy of the Company.

These financial assets often include: Shares, bonds, money instruments, derivatives (for risk hedging purpose).

Financial assets are removed from FVTPL in the following cases: financial assets as loans or receivables if they are aimed to be held in a definite time in the future or up to the maturity or financial assets as deposits which are classified into cash and cash equivalents.

Securities companies who wish to sell financial assets which are non-FVTPL shall reclassify financial assets from other related assets to financial assets at FVTPL. Differences due to revaluation of financial assets are currently monitored on the item "Differences due to revaluation at fair value", being recognized into the corresponding income and expenses as at the date of financial asset reclassification at sales.

Non-derivative financial assets at FVTPL which are not required to be classified into financial assets at FVTPL at initial recognition might be re-classified into loans and receivables in some special cases or into

## NOTES TO THE FINANCIAL STATEMENTS *(cont.,)*

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

cash and cash equivalents if they satisfy conditions of these groups. Profit or loss which is recognized upon revaluation of financial assets at FVTPL before re-classification shall not be reserved.

Financial assets at FVTPL are instruments that should be moved to receivables at maturity and provisions shall be made for as bad debts (if any).

*Held-to-maturity (HTM) investments*

Held-to maturity (HTM) investments consist of non-derivative financial assets with fixed or identifiable payments and with fixed maturity that the Company intends and is able to hold to the maturity date, except for:

- Financial assets which are classified into financial assets at fair value through profit or loss at the initial recognition;

- Financial assets which are classified into Available for sale (AFS);

- Financial assets qualifying the definition of loans and receivables.

If the Company changes its intention or holding ability, the classification of an investment into held to maturity is no longer suitable, this investment must be reclassified to financial assets at AFS and revalued at fair value. Difference between book value and fair value shall be recorded into the Income Statement, "Difference due to revaluation of assets at fair value".

*Loans*

Loans are non-derivative financial assets with fixed or identifiable payments and not listed on the perfect securities market, with the exceptions of:

- The amounts the entity has the intent to immediately sell or will sell in a near future which are classified as assets held for trading, and like those which, upon initial recognition, the entity categorized as such recognized at fair value through profit or loss statements;

- The amounts categorized by the entity as available for sale upon initial recognition; or

- The amounts whose holders cannot recover most of the initial investment value not due to credit quality impairment and which are categorized as available for sale.

### 2.2 *Principles for recognizing and accounting for revaluation of investments*

*Principles for recognizing and accounting for financial assets at FVTPL under the list of main financial assets of the company (FVTPL):*

Financial assets at FVTPL are initially recognized at actual purchase cost (historical cost). Cost to purchase financial assets at FVTPL is recorded into transaction cost of financial assets on the Income Statement when it incurs.

After the initial recognition, FVTPL financial assets are recognized at the market value. Any gain or loss incurred from changes in value of these FVTPL financial assets shall be classified into the category of FVTPL valuation and recorded into the Income Statement.

## NOTES TO THE FINANCIAL STATEMENTS *(cont.,)*

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

At the end of the accounting period, FVTPL financial assets shall be revalued under the List of Financial Assets of the Securities Company at the market price or fair value (in case no market price is available).

At the first revaluation, fair value of financial assets at FVTPL in the List of Financial Assets of the Securities Company is recorded into Account 1212 "Difference on revaluation" as a difference between revalued amount of financial assets at FVTPL at revaluation time at market price or fair value and the initial purchase price of the financial assets at FVTPL in the List of Financial Assets of the Securities Company.

At the subsequent revaluation, fair value of financial assets at FVTPL in the List of Financial Assets of the Securities Company is recorded into Account 1212 "Difference on revaluation" as a difference between revalued amount of financial assets at FVTPL at the prior revaluation time at market price or fair value and the current market price or fair value at this revaluation time.

In the representation of the Statement of Financial Position, the Item "Financial Assets at FVTPL" is recorded at net amount (the item is computed as follows: Financial Assets at FVTPL = Debit Balance on Account 1211 "Purchase price" plus (+) Debit Balance on Account 1212 "Increase due to revaluation of financial assets at FVTPL" or minus (-) Credit Balance on Account 1212 "Decrease due to revaluation of financial assets at FVTPL" for such financial assets at FVTPL in the List of Financial Assets of the Securities Company).

The representation of financial assets at FVTPL in the List of Financial Assets of the Securities Company must be made in 3 items: Purchase price, revalued amount and net value (Purchase price +/- Revalued amount) corresponding to types of financial assets at FVTPL.

Increase or decrease due to revaluation of financial assets at FVTPL in the List of Financial Assets of the Securities Company is recorded on the principle of no offset and represented in the Income Statement in 2 items:

Decrease due to revaluation of financial assets at FVTPL is recorded into the Item "Loss and expenses of trading financial assets at FVTPL", in particular "Decrease due to revaluation of financial assets at FVTPL".

Increase due to revaluation of financial assets at FVTPL is recorded into the Item "Income", in particular "Increase due to revaluation of financial assets at FVTPL".

Increase or decrease due to revaluation of financial assets at FVTPL in the List of Financial Assets of the Securities Company will determine the unrealized profit or loss in the period (period for net assets or accounting period).

For FVTPL are on the List of financial assets of securities companies without market prices, accountants shall consider the possibility of price decrease at the time of making financial statements. The provision is made when the original price is greater than the reviewed and re-evaluated price by the Company. Increase or decrease of the provision is recorded in the income statement on "Provision for financial assets, dealing with losses of doubtful receivables, losses of financial assets. and borrowing costs of loans".

The Company made the provision for impairment in value of financial assets and mortgage assets for Khoi Nghiep Investment., JSC and Tai Viet Investment., JSC with the value of VND 6.5 billion and VND 6 billion under the Minutes of Investment Evaluation Council dated December 17th, 2019 and the Resolution No. 25/2019/ NQ-HĐQT-IVS dated December 31st, 2019 of the Board of Management of the Company.

## NOTES TO THE FINANCIAL STATEMENTS *(cont.,)*

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

*Held-to-maturity (HTM) investments*

Held-to-maturity investments of the Company include term deposits at bank, which are recognized from the commencement dated of such deposit activities.

Bank deposits with terms less than 12 months and greater than 3 months are presented in the list of short-term financial assets. Bank deposits with terms of 12 months or more are presented in the list of long-term financial assets.

Held-to-maturity investments are reviewed for impairment at the reporting date. Provisions are made for HTM investments upon objective evidence showing that it is not probable to recover or it is uncertain to recover the investments as a consequence of an event or events that happened and had negative impact on the expected future cash flows from such HTM investments.

*Loans*

Loan amounts are initiallymeasured at historical cost (disbursement value of the loans). After initial recognition, loans are recorded at allocated value by real interest rate method.

Allocation for loans is defined by historical cost of financial assets less principal repayment plus (less) accumulated allocation by real interest rate method on the difference between initial value and maturity value, less provisions for impairment or irrecoverability (if any).

Loans are reviewed for impairment at the reporting date. Provision for loans is made based on the expected loss which is calculated as the difference between market price of securities pledged for loans and outstanding loan balance. Any increase or decrease in balance of provision is recognized in the Income Statement in the item “Provisions for financial assets, bad debts written off, impairment loss of financial assets and borrowing costs to finance for loans”.

### 2.3 *Fair value/market value of financial assets*

Market value/fair value of financial assets is determined on the following basis:

+ For securities listed on Hanoi Stock Exchange and Ho Chi Minh City Stock Exchange, their market prices are their closing prices on the latest trading day up to the date of securities valuation.

+ For securities which have not listed on Stock Exchanges but registered for trading on the unlisted public company market (UPCom), their market prices are their average closing prices on the latest trading day up to the date of securities valuation.

+ For the delisted securities and suspended trading securities from the sixth day afterward, their actual prices are the book value at the latest financial reporting date.

+ The market price for unlisted securities and securities unregistered for trading on the unlisted public company market (UPCom) actual securities price on the market is the average of actual trading prices quoted by three (3) securities companies conducting transactions at the latest date to the date of securities valuation.

+ For securities which do not have reference prices from the above sources, the impairment is determined based on the financial position and the book value of securities issuers as at the latest date to the assessment date.

## NOTES TO THE FINANCIAL STATEMENTS *(cont.,)*

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

+ For securities which do not have market value being determined by the foregoing methods, the fair value is determined based on the financial position and the book value of securities issuers as at the date of securities valuation.

### 3. Principle for tangible fixed asset recognition and depreciation

#### *3.1 Principle for tangible fixed asset recognition and depreciation*

Tangible fixed assets are recognized at their historical cost, presented in Statement of Financial Position under the items of historical cost, accumulated depreciation and carrying amount.

Recognition and depreciation of tangible fixed assets are pursuant to Vietnamese Accounting Standard No. 03 - Tangible fixed assets, the Circular No. 210/2014/TT-BTC dated 22/12/2014 by Ministry of Finance providing guidance on accounting policy applicable to securities companies, the Circular No. 334/2016/TT-BTC dated 27/12/2016 on "amending, supplementing and replacing the Annex 02 and 04 of the Circular 210/2014/TT-BTC dated December 30th, 2014 by Ministry of Finance providing guidance on accounting policy applicable to securities companies" and the Circular No. 45/2013/TT-BTC dated 25/04/2013 guiding regulations on management, use and depreciation of fixed assets, Circular 147/2016/TT-BTC amending some articles in the Circular No. 45/2013/TT - BTC and the Circular No. 28/2017/TT-BTC dated 12/04/2017 amending some articles in the Circular No. 45/2013/TT - BTC and the Circular 147/2016/TT-BTC by Ministry of Finance.

The historical cost of procured tangible fixed assets includes their purchase price (excluding trade discount or other discount), taxes and directly related costs to bring such assets into the ready-for-use state.

The Company applied straight-line depreciation method to tangible fixed assets. Tangible fixed assets are accounted and classified into groups by their nature and purpose of utilization in the Company's production and business operation, including:

| *Type of fixed assets* | *Depreciation duration <years>* |
|---|---|
| - Machinery, equipment | 03 - 08 |
| - Transportation means | 07 |
| - Other fixed assets | 03 |

#### *3.2 Principle of intangible fixed assets recognition and amortization*

Intangible fixed assets are recognized at their historical cost, presented in Statement of Financial Position under the items of historical cost, accumulated amortization and carrying amount.

Recognition and amortization of intangible fixed assets are pursuant to Vietnamese Accounting Standard No. 04 - Intangible fixed assets, the Circular No. 210/2014/TT-BTC dated 22/12/2014 by Ministry of Finance providing guidance on accounting policy applicable to securities companies, the Circular No. 334/2016/TT-BTC dated 27/12/2016 on "amending, supplementing and replacing the Annex 02 and 04 of the Circular 210/2014/TT-BTC dated December 30th, 2014 by Ministry of Finance providing guidance on accounting policy applicable to securities companies" and the Circular No. 45/2013/TT-BTC dated 25/04/2013 guiding regulations on management, use and depreciation of fixed assets, the Circular 147/2016/TT-BTC amending some articles in the Circular No. 45/2013/TT - BTC and the Circular No. 28/2017/TT-BTC dated 12/04/2017 amending some articles in the Circular No. 45/2013/TT - BTC and the Circular 147/2016/TT-BTC by Ministry of Finance.

## NOTES TO THE FINANCIAL STATEMENTS *(cont.,)*

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

Historical cost of acquired intangible fixed assets consists of their total purchase price to bring the assets to their state of ready-to-use. The costs arising after initial recognition of intangible fixed assets are recorded as production costs in the period excluding specific costs of a specific intangible asset, enabling an increase in the future economic benefits.

When an intangible fixed asset is sold or disposed, historical cost and accumulated amortization are written off and gain or loss from disposal is recognized into income or expense in the year.

Intangible fixed assets of the Company include the transaction management software and accounting software.

Costs in relation to translation software programs are not an integral part of the relevant capitalized hardware. Historical costs of computer softwares is the whole expenditure paid by the Company until the softwares are put into use. Computer softwares are amortized on straight line basis within 05 years to 08 years.

### 4. Principle of long term financial investment recognition

***Investment into Associates***

An associate is an enterprise in which the Company has significant influence but has no control power over financial policies, operations and which is neither a subsidiary nor a joint venture of the Company. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not any influence in term of control or joint control over those policies.

Investments into associates are initially recognized at historical cost, including purchase price or capital contribution plus direct relevant costs in relation to such investments.

Dividend and profit of prior periods before the investment purchase shall be deducted from the value of such investments. Dividend and profit of subsequent periods after the investment purchase shall be recorded as revenue. Dividend received in shares is only recognized in number of additional shares, value of shares received/recorded is not recognized at par.

Provision for losses on investments in associates is made as follows

+ For an investment in listed stocks or fair value of an investment that is determined reliably, the provision is based on the market value of the stock.

+ For investments of which fair value can not be determined at the reporting time, the provision is made based on the investee's losses: the difference between the actual contributed capital of all investors and the actual owner's equity multiplied by the ratio of the Company's capital contribution to the total actual capital contribution of all investors at the associated Company. Based on the separate financial statements of economic organizations receiving contributed capital, at the same time making annual financial statements of the Company, the provision level shall be determined for each investment.

Increases and decreases in the provision for impairment of investments in associates need to be made at the time of making the financial statement and are recorded into financial expenses. The maximum level of provision for each investment shall be equal to the actual investment value currently recorded in the enterprise's accounting book.

The Company made the provision with the value of 17 billions VND for the investment into Northern Electric Trading and Building, Investment., JSC under the Minutes of Investment Evaluation Council No.

## NOTES TO THE FINANCIAL STATEMENTS *(cont.,)*

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

08/2020/BB-HĐQT.IVS dated Dec. 28th, 2020 and the Decision No. 13/2020/ QD-HĐQT-IVS dated Dec. 28th, 2020 of the Company's Board of Management.

### 5. Accounting principle of accounts receivable

Receivables are the money amounts which can be recovered from customers or other subjects. Receivables include trade receivables from sales of financial assets, receivables from services rendered, receivables and estimated dividend receivables, interest of financial assets and other receivables. Receivables are presented as net book value less provisions for doubtful and bad debts. Receivables are not recorded higher than recoverable value.

Classification of receivables is made on the following principle:

- Trade accounts receivable consists of receivables with their commercial nature arising from transactions of financial assets with their purchasing-selling nature.
- Receivables from services rendered by the Securities company incurs from services rendered by the Company for investors.
- Other receivables consist of receivables with their non-commercial nature, not related to transactions with their purchasing-selling nature.

Receivables are monitored in detail for each subject and term of amounts receivable and other elements based on the management demand of the enterprise.

### 6. Accounting principle and method of provision for impairment of accounts receivable

Provision for receivables is made in line with ages of debts or by expected loss in case the debts are not due but debtors encounter the problem of bankruptcy or are under dissolution; debtors are missing, absconding or under prosecution, imprisonment, trial, sentence or they are dead. Provisions that are made are accounted for in the Income Statement in the item "Other operating expenses" in the year.

Provision for overdue receivables is made in accordance with the Circular No. 48/2019/TT-BTC dated Aug. 08th, 2019 issued by the Ministry of Finance as follows:

| Overdue period | Provision rate |
|---|---|
| From six (6) months to less than one (1) year | 30% |
| From one (1) year to less than two (2) years | 50% |
| From two (2) years to less than three (3) years | 70% |
| From three (3) years and above | 100% |

For overdue debts, Board of General Directors also reviews further the expected recoverability of these debts in order to define necessary provisions to be made.

Provisions for impairment of receivables are made for possible loss for debts that are not due upon the review of Board of General Directors on the recoverability of such debts.

## NOTES TO THE FINANCIAL STATEMENTS *(cont.,)*

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

The Company made the provision the estimated interests receivable from Truong Thi Thanh Hoa JSC with the amount of VND 12,218,208,333 *(this amount is recognized as the Company's financial revenue and determined by operating results from the prior years based on the terms of fixed profits which the Company would be received from the Investment Cooperation Contract with Truong Thi Thanh Hoa., JSC)* under the Minutes of Investment Evaluation Council dated December 17th, 2019 and the Resolution No. 25/2019/ NQ-HĐQT-IVS dated December 31st, 2019 of the Board of Management of the Company.

In year 2020, the Company reclassified the provision of investment in Truong Thi Thanh Hoa JSC into the provision for other receivables upon the Judgment Execution Decision according to Request No. 103/QD-CCTHADS dated June 17th, 2020 and the Decision No.63/QD-CCTHADS dated August 21st, 2020 of the Chief Department of Civil Judgment Execution of Thanh Hoa City dueto non-conditions to execute judgments for Truong Thi Thanh Hoa JSC.

### 7. Principle of prepaid expenses recognition

Prepaid expenses consist of actual expenses incurred but related to the business performance of many accounting periods. Prepaid expenses include: Issued instruments, tools awaiting for allocation, office rental and other prepaid expenses.

Tools, instruments: are allocated into expenses on the straight-line basis within 12 months for short-term prepaid expenses and within 36 months for long-term prepaid expenses.

Office rental is allocated in its lease term.

Other prepaid expenses: are allocated into expenses on the straight-line basis within 12 months for short-term prepaid expenses and within 36 months for long-term prepaid expenses.

### 8. Principle for and classification of trade payables, payables to investors for cash deposited for securities trading transactions, dividend payable and other payables

Liabilities are amounts payable to suppliers and other subjects. Liabilities include trade payables, payables to investors for cash deposited for securities trading transactions, dividend payable and other payables. Liabilities are not recorded at lower amounts than payment obligation.

Classification of liabilities is made on the following principle:

- Trade accounts payable comprises liabilities with their commercial nature arising from purchasing goods, services, assets and the suppliers are independent from buyers.

- Payables to investors for cash deposited for securities trading transactions are payables to investors for transactions under the management method performed by the Company via a dedicated bank account opened at a Commercial Bank. The transactions include margin, repo and advances for sales of financial assets. Payables to investors for deposits of securities trading transactions are presented in Off - Statement of Financial Position items.

- Other amounts payable comprise amounts payable with their non-commercial nature, not related to transactions of purchasing, selling and supplying goods, services.

Liabilities are monitored by details of each item and due date.

## NOTES TO THE FINANCIAL STATEMENTS *(cont.,)*

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

### 9. Other principles and accounting methods

***Tax liabilities***

***Value added tax (VAT)***

The Company applies the tax policies under regulations of the current tax laws in Vietnam for each period.

***Corporate income tax***

Corporate income tax presents the total amount of current tax payable.

Current tax payable is calculated on taxable income in the year. Taxable income differs from net profit presented in the Income Statement because taxable income does not include assessible incomes or expenses or deductible one in other years (including losses carried forward, if any) and it further excludes items that are non-taxable or non-deductible.

The Company applies corporate income tax rate at 20% on taxable profit.

The corporate income tax of the Company is determined in conformity with current tax regulations. However, these regulations may change from time to time and the final determination of corporate income tax will depend on the tax check results of competent tax authorities.

***Other taxes***

Other taxes and fees are declared and paid to the local tax authorities in compliance with the current regulations of the State.

### 10. Principle for recognizing accrued expense

Accrued expenses of the Company consist of accrued amount for transaction expenses of HOSE and HNX, auditing fee, custody service fees and other regular expenses of the Head Office and Ho Chi Minh Branch.

These are actual expenses incurred in the reporting period but unpaid and accrued in operating expenses of the reporting period to secure there will be no abnormal variance in operating expenses when they actually incur on the matching principle between revenue and expenses. When such expenses incurred, any difference from accrued amount, the accountant will add or deduct such difference to or from the corresponding expenses.

Accrued expenses on production and business expenses in the period are calculated strictly with reasonable and reliable evidence on the expenses to be accrued in the period to ensure the accounting expenses payable to be accounted will match the actual costs incurred.

### 11. Principle for recognizing owner's equity

Capital contribution of the Company's owners is recognized by the shareholders' actual capital contribution.

Capital supplementary reserve and Operational risk and financial reserve are created from profit after tax from operating activities under regulations in the Circular No. 146/2014/TT-BTC issued by Ministry of Finance on 06/10/2014 and the Corporate Articles.

## NOTES TO THE FINANCIAL STATEMENTS *(cont.,)*

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

Realized profits are the difference between total revenue, income with total expenses having been accounted into the Company's Income Statement.

Value of financial assets - FVTPL are recognized at market value by the Company. Accordingly, unrealized profit of the accounting period is the difference between the total gain and loss from revaluation of financial assets at FVTPL bein g recorded into the Income Statement in the List of Financial Assets of the Securities Company accumulated in the period.

### 12. Principle and method of recognizing revenue, income

The Company's revenue includes an income from securities trading, revenue from brokerage services, depository services and securities investment advisory services.

***Income from securities trading***

Income from securities trading is defined on the difference between selling price and weighted average cost of securities.

***Revenue from services*** *(brokerage, depository, securities investment advisory, custodian auction services)*

Revenue is recognized at the time of transactions, when it is certain to gain economic benefits which can be defined at fair value of options regardless of cash receipt or not.

Revenue from services rendered to customers shall be in line with trading activities under regulations in the License for Establishment and Operation for Securities company granted to the Company. Revenue from services rendered to customers is certified as completed on the basis that the customers have paid in cash or pledged to pay or deducted into proceeds from securities sales due to the customers.

Revenue from brokerage services is recognized on business performance upon the completion of securities transaction.

***Interest income***

Interest amounts are recognized on accrual basis, being determined on balances of deposits and actual interest rate in the period.

***Paid dividend, shared profit***

Paid dividend and shared profit are recognized when the Company has the right to receive dividends or profit from their contribution. Dividend received in shares is only recognized in number of additional shares, value of shares received/recorded is not recognized at par.

### 13. Principles for general administration expenses

Enterprise general administration expenses include salaries and allowances of managerial staff (wages, salaries, allowances, etc.); social insurance, health insurance, trade union fees, unemployment insurance for managerial staff; costs of office supplies, working instruments, depreciation of fixed assets used for enterprise management; license tax; external services (electricity, water, telephone, fax, etc.); other cash expenses (public relations, customer conference, etc.).

## NOTES TO THE FINANCIAL STATEMENTS *(cont.,)*

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

### V. Financial risk management by the Company

#### 1. Notes to quantitative and qualitative measurement of financial risk for the Company

The Company is exposed to market risk and liquidity risk in its daily operation. The Company's General management policies for financial risk focus on forecast of unexpected fluctuations in the market and mitigate bad impact on the Company's business performance.

#### 2. Liquidity risk

The liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligation due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The Company monitors its liquidity risk by maintaining a level of cash and cash equivalents deemed adequate by Board of General Directors to finance the Company's operations and to mitigate the effects of fluctuations incash flows.

#### 3. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market. Market prices comprise the following types of risks: interest rate risk and other price risk. Financial instruments affected by market risk include deposits and short term investments. Market risk management is aimed at management and control of market risks within acceptable limits, while profit is still maximized.

### VI. Notes on the Statement of Financial Position

#### 1. Cash and cash equivalents

| | 31/12/2020<br>VND | 01/01/2020<br>VND |
|---|---|---|
| **Cash** | **12,160,364,335** | **50,646,163,287** |
| Cash at bank for operations of Securities company | 12,160,364,335 | 50,639,862,466 |
| Cash on hand | - | 6,300,821 |
| **Cash equivalents** | **-** | **50,000,000,000** |
| **Total** | **12,160,364,335** | **100,646,163,287** |

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

### 2. Value and quantity of securities traded during the year

| Items | Quantity of securities trading (Shares) | Value of securities trading VND |
|---|---|---|
| **a) Quantity of securities trading of the Compa** | **414,568** | **7,054,883,100** |
| - Shares | 414,568 | 7,054,883,100 |
| **b) Quantity of securities trading of investors** | **531,866,885** | **7,138,520,792,900** |
| - Shares | 530,254,805 | 7,129,398,928,800 |
| - Other securities | 1,612,080 | 9,121,864,100 |

### 3. Types of Financial assets

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

Unit: VND

| FVTPL assets | 31/12/2020 | | 01/01/2020 | |
|---|---|---|---|---|
| | Historical cost | Fair value | Historical cost | Fair value |
| ***Listed financial assets (i)*** | ***8,082,406*** | ***5,995,940*** | ***9,019,747,647*** | ***7,636,865,520*** |
| VNP | - | - | 525,000,000 | 240,000,000 |
| SBM | - | - | 6,440,681,238 | 5,366,000,000 |
| Other Financial assets | 8,082,406 | 5,995,940 | 2,054,066,409 | 2,030,865,520 |
| ***Unlisted financial assets (ii)*** | ***33,825,400,000*** | ***21,325,400,000*** | ***33,825,400,000*** | ***21,325,400,000*** |
| KN | 6,500,000,000 | - | 6,500,000,000 | - |
| TAV | 6,000,000,000 | - | 6,000,000,000 | - |
| YTAD | 21,325,400,000 | 21,325,400,000 | 21,325,400,000 | 21,325,400,000 |
| **Total** | **33,833,482,406** | **21,331,395,940** | **42,845,147,647** | **28,962,265,520** |

*(*): Financial assets at FVTPL as at 31/12/2020 are recognized at market value. Any gain or loss incurred from changes in value of these FVTPL financial assets shall be classified into the category of FVTPL valuation and recorded into the Income Statement.*

*(i): Fair value of listed financial assets is measured by closing price as at 31/12/2020 in Stock Exchanges Market.*

*(ii): Fair value of unlisted financial assets is measured in historical cost because no transaction has been made in Stock Exchanges Market.*

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

### 3.2 *Financial assets held for sales by market value method*

Unit: VND

| No. | Types of Financial assets | As at 31/12/2020 | | | | | |
|---|---|---|---|---|---|---|---|
| | | Number (shares) | Purchase price | Market value or current value | Increase | Decrease | Revaluation amount |
| | | | (1) | (2) | (3)=(2)-(1) | (4)=(1)-(2) | (5=(1)+(3)-(4) |
| **I** | **Financial assets (FVTPL)** | **1,337,763** | **33,833,482,406** | **21,331,395,940** | **1,923,281** | **4,009,747** | **21,331,395,940** |
| | ***Listed financial assets (*)*** | ***363*** | ***8,082,406*** | ***5,995,940*** | ***1,923,281*** | ***4,009,747*** | ***5,995,940*** |
| 1 | Other financial assets | 363 | 8,082,406 | 5,995,940 | 1,923,281 | 4,009,747 | 5,995,940 |
| | ***Unlisted financial assets (**)*** | ***1,337,400*** | ***33,825,400,000*** | ***21,325,400,000*** | - | - | ***21,325,400,000*** |
| 1 | KN | 650,000 | 6,500,000,000 | - | - | - | - |
| 2 | TAV | 600,000 | 6,000,000,000 | - | - | - | - |
| 3 | YTAD | 87,400 | 21,325,400,000 | 21,325,400,000 | - | - | 21,325,400,000 |
| **Total** | | **1,337,763** | **33,833,482,406** | **21,331,395,940** | **1,923,281** | **4,009,747** | **21,331,395,940** |

*(*): Financial assets at FVTPL of the year 2019 are recognized at market value. Any gain or loss incurred from changes in value of these FVTPL financial assets shall be classified into the category of FVTPL valuation and recorded into the Income Statement.*

*(**): These financial assets are being recorded at book value by the Company as there is no transaction in the market. The Company made the provision for impairment in value of financial assets and mortgage assets for Khoi Nghiep Investment., JSC and Tai Viet Investment., JSC with the value of VND 6.5 billion and VND 6 billion under the Minutes of Investment Evaluation Council dated December 17th, 2019 and the Resolution No. 25/2019/ NQ-HĐQT-IVS dated December 31st, 2019 of the Company's Board of Management.*

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

### 3.3 *Held-to-maturity (HTM) investments*

| | 31/12/2020<br>VND | 01/01/2020<br>VND |
|---|---|---|
| Bank deposits with term from 3 months to 12 months (*) | 95,000,000,000 | 170,000,000,000 |
| **Total** | **95,000,000,000** | **170,000,000,000** |

*(*): Term Deposits with maturity from 3 months to 12 months at Transaction Banks.*

### 3.4 *Loans and receivables*

Unit: VND

| | 31/12/2020 | | 01/01/2020 | |
|---|---|---|---|---|
| | **Historical cost** | **Fair value (*)** | **Historical cost** | **Fair value (*)** |
| Lending for Margin activity (1) | 253,946,634,482 | 251,722,483,120 | 135,515,150,258 | 133,290,998,896 |
| Advances of securities trading sales to customers (2) | 22,712,226,854 | 22,692,276,854 | 5,137,285,593 | 5,117,335,593 |
| **Total** | **276,658,861,336** | **274,414,759,974** | **140,652,435,851** | **138,408,334,489** |

*(1): Stock owned by investors in margin loan transaction is held by the Company as mortgage assets for those loans between investors and the Company.*

*(2): Amounts that the Company lent to customers as advance of payment for sales. Up to T+2, sales amount of customers paid to the Company will be recovered for such advance payment.*

*(*): Fair value of loans is measured by historical cost less provisions for impairment of loans.*

### 3.5 *Provision for impairment in value of financial assets and mortgage assets*

| | 31/12/2020<br>VND | 01/01/2020<br>VND |
|---|---|---|
| Provision for margin lendings | 2,244,101,362 | 2,244,101,362 |
| Provision for Khoi Nghiep Investment., JSC | 6,500,000,000 | 6,500,000,000 |
| Provision for Tai Viet Investment., JSC | 6,000,000,000 | 6,000,000,000 |
| **Total** | **14,744,101,362** | **14,744,101,362** |

### 4. Advances to suppliers

| | 31/12/2020<br>VND | 01/01/2020<br>VND |
|---|---|---|
| ***Short-term*** | | |
| TMF Vietnam Co., Ltd | 203,568,000 | - |
| Bkav., JSC | 35,750,000 | - |
| S Office., JSC | 32,120,000 | - |
| Bluesky Global Ha Noi Co., Ltd | 51,950,140 | 51,950,140 |
| Grand PLAZA Hotel Ha Noi Co., Ltd | - | 17,236,000 |
| Others | 78,682,700 | 81,532,700 |
| **Total** | **402,070,840** | **150,718,840** |

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

### 5. Receivables

| | 31/12/2020 VND | 01/01/2020 VND |
|---|---|---|
| Receivables from services rendered by securities company | 97,732,067 | 93,095,965 |
| Other receivables | 60,345,588,978 | 25,394,732,907 |
| *Receivable from Truong Thi Thanh Hoa JSC (1)* | *19,000,000,000* | - |
| *Estimated interest receivable from Truong Thi Thanh Hoa JSC (2)* | *12,218,208,333* | *12,218,208,333* |
| *Estimated interest of marrgin receivables* | *5,575,351,205* | *4,467,069,260* |
| *Estimated interest of termed saving accounts* | *18,295,287,670* | *1,676,027,399* |
| *Receivables from individuals* | *3,385,869,142* | *3,385,869,142* |
| *Others* | *1,870,872,628* | *3,647,558,773* |
| **Total** | **60,443,321,045** | **25,487,828,872** |

*receivables upon the Judgment Execution Decision according to Request No. 103/QD-CCTHADS dated June 17th, 2020 and the Decision No.63/QD-CCTHADS dated August 21st, 2020 of the Chief Department of Civil Judgment Execution of Thanh Hoa City dueto non-conditions to execute judgments for Truong Thi Thanh Hoa JSC.*

*(2):The fixed profit from the business cooperation contract for the Project "Ami Tower" No. 01-02/2012/HD-HTKD dated 15/02/2012, amendment No. 01 dated 15/07/2013, amendment No. 02 dated 16/12/2013 with Truong Thi Thanh Hoa JSC. The Company made the provision for the estimated interest receivable from Truong Thi Thanh Hoa JSC under the Minutes of Investment Evaluation Council dated December 17th, 2019 and the Resolution No. 25/2019/ NQ-HĐQT-IVS dated December 31st, 2019 of the Board of Management of the Company.*

### 6. Investments

Unit: VND

| | 31/12/2020 | | 01/01/2020 | |
|---|---|---|---|---|
| | **Historical cost** | **Fair value** | **Historical cost** | **Fair value** |
| ***HTM*** | | | | |
| Bank deposits with term of 13 months at BIDV - Ha Thanh Branch | 235,000,000,000 | 235,000,000,000 | 200,000,000,000 | 200,000,000,000 |
| ***Investment into Associates*** | | | | |
| Northern Electric Trading and Building, Investment., JSC (*) | 17,000,000,000 | - | 17,000,000,000 | 13,896,116,130 |
| ***Other long-term investments*** | | | | |
| Truong Thi Thanh Hoa., JSC | - | - | 19,000,000,000 | - |
| **Total** | **252,000,000,000** | **235,000,000,000** | **236,000,000,000** | **213,896,116,130** |

*(*): The Company made the provision with the value of 17 billions VND for the investment into Northern Electric Trading and Building, Investment., JSC under the Minutes of Investment Evaluation Council No. 08/2020/BB-HĐQT.IVS dated Dec. 28th, 2020 and the Decision No. 13/2020/ QD-HĐQT-IVS dated Dec. 28th, 2020 of the Company's Board of Management.*

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

### 7. Prepaid expenses

| | 31/12/2020<br>VND | 01/01/2020<br>VND |
|---|---:|---:|
| ***a) Short-term*** | ***883,277,782*** | ***464,635,657*** |
| Issued tools and instruments awaiting for allocation | 1,155,000 | 66,669,380 |
| Office rent expense | 114,000,000 | 133,800,000 |
| Other expenses | 768,122,782 | 264,166,277 |
| ***b) Long-term*** | ***398,108,019*** | ***711,730,363*** |
| Issued tools and instruments awaiting for allocation | 281,954,424 | 195,834,003 |
| Payment for internet and terminal charges | 2,828,568 | - |
| Other expenses | 113,325,027 | 515,896,360 |
| **Total** | **1,281,385,801** | **1,176,366,020** |

### 8. Payment for Settlement Supporting Fund

| | 31/12/2020<br>VND | 01/01/2020<br>VND |
|---|---:|---:|
| Initial payment | 120,000,000 | 120,000,000 |
| Additional payment | 4,027,771,813 | 3,882,246,735 |
| Interest allocated in the year | 2,798,979,477 | 2,362,742,533 |
| **Total** | **6,946,751,290** | **6,364,989,268** |

### 9. Increase, decreases in tangible fixed assets

Unit: VND

| Items | Machinery, equipment | Transportation means | Other fixed assets | Total |
|---|---:|---:|---:|---:|
| **Historical cost** | | | | |
| **Balance as at 01/01/2020** | **8,086,564,662** | **1,062,420,000** | **30,707,600** | **9,179,692,262** |
| Purchase in the year | 5,782,525,100 | - | - | **5,782,525,100** |
| **Balance as at 31/12/2020** | **13,869,089,762** | **1,062,420,000** | **30,707,600** | **14,962,217,362** |
| **Accumulated depreciation** | | | | |
| **Balance as at 01/01/2020** | **7,492,660,794** | **849,038,403** | **12,794,835** | **8,354,494,032** |
| Depreciation in the year | 488,023,184 | 151,774,284 | 10,235,868 | **650,033,336** |
| **Balance as at 31/12/2020** | **7,980,683,978** | **1,000,812,687** | **23,030,703** | **9,004,527,368** |
| **Net-book value** | | | | |
| **As at 01/01/2020** | **593,903,868** | **213,381,597** | **17,912,765** | **825,198,230** |
| **As at 31/12/2020** | **5,888,405,784** | **61,607,313** | **7,676,897** | **5,957,689,994** |

*- Historical cost of tangible fixed assets that have been fully depreciated at year end but still in use: VND 7,344,953,902.*

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

### 10. Increase, decreases in intangible fixed assets

Unit: VND

| Items | Software | Total |
|---|---|---|
| **Historical cost** | | |
| **Balance as at 01/01/2020** | **33,574,900,000** | **33,574,900,000** |
| Purchase in the year | 7,148,057,000 | **7,148,057,000** |
| Reduced by canceling old software | (5,137,600,000) | **(5,137,600,000)** |
| **Balance as at 31/12/2020** | **35,585,357,000** | **35,585,357,000** |
| **Accumulated depreciation** | | |
| **Balance as at 01/01/2020** | **30,363,900,025** | **30,363,900,025** |
| Depreciation in the year | 776,419,334 | **776,419,334** |
| Reduced by canceling old software | (2,301,216,681) | **(2,301,216,681)** |
| **Balance as at 31/12/2020** | **28,839,102,678** | **28,839,102,678** |
| **Net-book value** | | |
| **As at 01/01/2020** | **3,210,999,975** | **3,210,999,975** |
| **As at 31/12/2020** | **6,746,254,322** | **6,746,254,322** |

*- Historical cost of intangible fixed assets that have been fully amortized at period end but still in use: VND 28,437,300,000.*

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

### 11. Provision for bad debts

Unit: VND

| No. | Types of bad debts that need provisions to be made for | Value of bad debts | Ref. | 31/12/2020 | | | | 01/01/2020 |
|---|---|---|---|---|---|---|---|---|
| | | | | Opening balance | Provisions made in the year | Amounts reversed in the year | Closing balance | |
| 1 | **Account 1352** | **62,710,405** | | **62,710,405** | - | - | **62,710,405** | **62,710,405** |
| | Other receivables from investors | 62,710,405 | | 62,710,405 | - | - | 62,710,405 | 62,710,405 |
| 2 | **Account 1314** | **66,532,700** | | **66,532,700** | - | - | **66,532,700** | **66,532,700** |
| | Bao Binh Co., Ltd | 16,311,700 | | 16,311,700 | - | - | 16,311,700 | 16,311,700 |
| | Lac Hong Trading Company | 12,420,000 | | 12,420,000 | - | - | 12,420,000 | 12,420,000 |
| | SIC., JSC | 2,970,000 | | 2,970,000 | - | - | 2,970,000 | 2,970,000 |
| | Events and Architecture., JSC | 16,436,800 | | 16,436,800 | - | - | 16,436,800 | 16,436,800 |
| | Thanh Phat Service and Trade Co., Ltd. | 18,394,200 | | 18,394,200 | - | - | 18,394,200 | 18,394,200 |
| 3 | **Account 1311** | **729,676,000** | | **729,676,000** | - | - | **729,676,000** | **729,676,000** |
| | Gold Worldwide JSC. | 167,676,000 | | 167,676,000 | - | - | 167,676,000 | 167,676,000 |
| | Gold World Investment and Consultancy., JSC | 462,000,000 | | 462,000,000 | - | - | 462,000,000 | 462,000,000 |
| | Phuong Bac Trading and Services Co., Ltd | 100,000,000 | | 100,000,000 | - | - | 100,000,000 | 100,000,000 |
| 4 | **Account 1388 (*)** | **19,776,186,362** | | **19,776,186,362** | **19,000,000,000** | - | **38,776,186,362** | **19,776,186,362** |
| **Total** | | **20,635,105,467** | | **20,635,105,467** | **19,000,000,000** | - | **39,635,105,467** | **20,635,105,467** |

*(*): The Company made the provision for the estimated interests receivable from Truong Thi Thanh Hoa JSC with the amount of VND 12,218,208,333 (this amount is recognized as the Company's financial revenue and determined by operating results from the prior years based on the terms of fixed profits which the Company would be received from the Investment Cooperation Contract with Truong Thi Thanh Hoa., JSC) under the Minutes of Investment Evaluation Council dated December 17th, 2019 and the Resolution No. 25/2019/ NQ-HĐQT-IVS dated December 31st, 2019 of the Company's Board of Management.*

*In year 2020, the Company reclassified the provision of investment in Truong Thi Thanh Hoa JSC into the provision for other receivables upon the Judgment Execution Decision according to Request No. 103/QD-CCTHADS dated June 17th, 2020 and the Decision No.63/QD-CCTHADS dated August 21st, 2020 of the Chief Department of Civil Judgment Execution of Thanh Hoa City dueto non-conditions to execute judgments for Truong Thi Thanh Hoa JSC.*

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

### 12. Listed financial assets/ securities trading registration of Securities company

| Financial assets | 31/12/2020 VND | 01/01/2020 VND |
|---|---|---|
| 1. Unrestricted financial assets | 3,670,000 | 4,149,290,000 |

### 13. Non-depository financial assets at VSD of Securities company

| Financial assets | 31/12/2020 VND | 01/01/2020 VND |
|---|---|---|
| 1. Unlisted financial assets | 33,825,400,000 | 33,825,400,000 |

### 14. Listed/registed financial assets for securities transaction at VSD of investors

| Financial assets | 31/12/2020 VND | 01/01/2020 VND |
|---|---|---|
| 1. Unrestricted financial assets | 2,032,720,430,000 | 1,970,542,050,000 |
| 2. Restricted financial assets | - | 95,000,000 |
| 3. Blocked financial assets | 10,441,350,000 | 30,637,810,000 |
| 4. Financial assets awaiting for settlement | 15,785,520,000 | 14,996,900,000 |

### 15. Financial assets deposited at VSD and non-trading of investors

| Financial assets | 31/12/2020 VND | 01/01/2020 VND |
|---|---|---|
| 1. Financial assets deposited at VSD and non-trading, blockaded, temporarily seizured | 57,570,770,000 | 73,412,840,000 |

### 16. Cash of customers

| | | 31/12/2020 VND | 01/01/2020 VND |
|---|---|---|---|
| 1. | Investors' deposits on securities trading under the management of securities companies | 145,241,662,508 | 57,521,593,273 |
| *1.1* | *Domestic investors' deposits on securities trading under the management of securities companies* | *143,461,823,407* | *54,992,788,908* |
| *1.2* | *Foreign investors' deposits on securities trading under the management of securities companies* | *1,779,839,101* | *2,528,804,365* |
| | **Total** | **145,241,662,508** | **57,521,593,273** |

### 17. Taxes and payables to the State budget

| | 31/12/2020 VND | 01/01/2020 VND |
|---|---|---|
| Output VAT | 5,334,000 | - |
| Personal income tax | 695,142,465 | 330,314,345 |
| **Total** | **700,476,465** | **330,314,345** |

### 18. Accrued expenses

| | 31/12/2020 VND | 01/01/2020 VND |
|---|---|---|
| Recurrent costs | 482,909,216 | 265,528,621 |
| Telecommunication expenses | 44,544,634 | 33,999,034 |
| **Total** | **527,453,850** | **299,527,655** |

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

### 19. Trade payables

| | 31/12/2020<br>VND | 01/01/2020<br>VND |
|---|---|---|
| Stoxplus Finance., JSC | 29,040,000 | 29,040,000 |
| Ho Cam Van | 23,092,768 | 7,000,000 |
| Ngo Kim Thanh | 47,782,032 | 53,407,328 |
| TMF Vietnam Co., Ltd | 39,022,060 | - |
| Others | 324,430,051 | 58,618,536 |
| **Total** | **463,366,911** | **148,065,864** |

### 20. Other payables

| | 31/12/2020<br>VND | 01/01/2020<br>VND |
|---|---|---|
| ***Payable of dividends, bond principal and interest*** | - | ***1,000*** |
| Payable of bond's principal, interest and dividends to the Issuer | - | 1,000 |
| ***Other payables*** | ***1,820,413,280*** | ***2,003,429,506*** |
| Dividends payable | 849,310,000 | 884,185,000 |
| Remuneration payable to BOM, Supervisory Board | 819,029,278 | 1,020,205,025 |
| Others | 152,074,002 | 99,039,481 |
| **Total** | **1,820,413,280** | **2,003,430,506** |

### 21. Payables to Investors

| | 31/12/2020<br>VND | 01/01/2020<br>VND |
|---|---|---|
| Payables to Investors - Investors' deposits of securities trading upon management method of Securities company | 145,241,662,508 | 57,521,593,273 |
| - Domestic investors | 143,461,823,407 | 54,992,788,908 |
| - Foreign investors | 1,779,839,101 | 2,528,804,365 |
| **Total** | **145,241,662,508** | **57,521,593,273** |

### 22. Retained earnings

| | 31/12/2020<br>VND | 01/01/2020<br>VND |
|---|---|---|
| Undistributed realized earnings | (47,683,665,713) | (55,692,149,493) |
| Unrealized earnings | (2,086,466) | (1,382,882,127) |
| **Total** | **(47,685,752,179)** | **(57,075,031,620)** |

### 23. Outstanding shares

| | 31/12/2020<br>Cổ phiếu | 01/01/2020<br>Cổ phiếu |
|---|---|---|
| Outstanding shares aging < = one year | 69,350,000 | 34,000,000 |
| Outstanding shares aging > one year | - | 35,350,000 |
| **Total** | **69,350,000** | **69,350,000** |

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

### VII. Notes to the Income statement

### 1. Income

#### *1.1 Profit, losses from selling financial assets*

| No. | Categories of investments | Sale volume (shares) | Selling price (VND/share) | Total value (VND) | Average cost up to the end of trading date (VND) | Profit/ losses from securities trading for the year 2020 (VND) | Profit, losses from securities trading for the year 2019 (VND) |
|---|---|---|---|---|---|---|---|
| A | B | 1 | 2 | 3=1x2 | 4 | 5=3-4 | 6 |
| | *Profit from selling financial assets* | *27* | | *562,800* | *273,655* | *289,145* | *232,755,617* |
| 1 | SBM | - | - | - | - | - | 232,755,617 |
| 2 | Others | 27 | - | 562,800 | 273,655 | 289,145 | - |
| | *Losses from selling financial assets* | *414,541* | | *7,054,320,300* | *9,011,391,586* | *(1,957,071,286)* | *(14,025,000,000)* |
| 1 | SBM | 268,300 | 19,000 | 5,097,700,000 | 6,440,681,238 | (1,342,981,238) | - |
| 2 | VNP | 50,000 | 3,986 | 199,280,000 | 525,000,000 | (325,720,000) | - |
| 3 | TPB | 96,080 | 18,273 | 1,755,625,500 | 2,042,994,295 | (287,368,795) | - |
| 4 | VIETTU | - | - | - | - | - | (7,200,000,000) |
| 5 | VIETAN | - | - | - | - | - | (6,825,000,000) |
| 6 | Others | 161 | - | 1,714,800 | 2,716,053 | (1,001,253) | - |
| | **Total** | **414,568** | | **7,054,883,100** | **9,011,665,241** | **(1,956,782,141)** | **(13,792,244,383)** |

#### *1.2 Difference due to revaluation of financial assets*

Unit: VND

| No. | Categories of investments | Book value | Market value or fair value | Difference from revaluation this year (as at 31/12/2020) | Difference from revaluation in the prior year (As at 31/12/2019) | Difference from adjustments on accounting books in the year |
|---|---|---|---|---|---|---|
| A | B | 1 | 2 | 3=2-1 | 4 | 5=3-4 |
| I | **Financial assets (FVTPL)** | | | | | |
| | ***Listed shares*** | *8,082,406* | *5,995,940* | *(2,086,466)* | *(1,382,882,127)* | *1,380,795,661* |
| | TPB | 127,580 | 160,800 | 33,220 | (20,511,575) | 20,544,795 |
| | SBM | - | - | - | (1,074,681,238) | 1,074,681,238 |
| | VNP | - | - | - | (285,000,000) | 285,000,000 |
| | Others | 7,954,826 | 5,835,140 | (2,119,686) | (2,689,314) | 569,628 |
| | **Total** | **8,082,406** | **5,995,940** | **(2,086,466)** | **(1,382,882,127)** | **1,380,795,661** |

#### *1.3 Dividends, interest arising from financial assets FVTPL, loans, HTM, AFS*

| Types of other operating revenue | Year 2020 VND | Year 2019 VND |
|---|---|---|
| From financial assets (FVTPL) | 298,910 | 929,737,700 |
| From Loans | 16,645,614,604 | 14,909,863,790 |
| **Total** | **16,645,913,514** | **15,839,601,490** |

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

### 2. Income from financing activities

| | Year 2020<br>VND | Year 2019<br>VND |
|---|---|---|
| Bank interests | 27,432,287,806 | 6,753,081,538 |
| **Total** | **27,432,287,806** | **6,753,081,538** |

### 3. Finance expenses

| | Year 2020<br>VND | Year 2019<br>VND |
|---|---|---|
| Provision for impairment of long-term financial investments | 13,896,116,130 | 22,103,883,870 |
| **Total** | **13,896,116,130** | **22,103,883,870** |

### 4. Expenses of services rendered

| | Year 2020<br>VND | Year 2019<br>VND |
|---|---|---|
| Provision expense of financial assets, lost solution of doubtful receivables and losses of diminution in financial assets and borrowing expenses | - | 12,281,454,171 |
| Securities brokerage activity expense | 9,975,875,528 | 8,643,248,491 |
| Securities depository activity expense | 784,856,561 | 881,236,071 |
| Expenses of financial advisory activities | 629,033,633 | 297,711,069 |
| **Total** | **11,389,765,722** | **22,103,649,802** |

### 5. General and administration expense of Securities company

| | Year 2020<br>VND | Year 2019<br>VND |
|---|---|---|
| Management staff | 6,860,105,470 | 7,854,787,461 |
| Expenses of office requisites | 37,196,500 | 38,786,345 |
| Tools and supplies expenses | 271,753,807 | 393,603,013 |
| Depreciation of fixed assets | 1,232,705,219 | 710,941,385 |
| Taxes, fees and charges | 25,564,178 | 4,000,000 |
| Provision expenses | - | 12,218,208,333 |
| External services expenses | 7,923,776,710 | 6,664,108,650 |
| Others in cash | 764,987,541 | 1,556,599,468 |
| **Total** | **17,116,089,425** | **29,441,034,655** |

### 6. Other income

| | Year 2020<br>VND | Year 2019<br>VND |
|---|---|---|
| Other income | 1,156 | 182,718,182 |
| **Total** | **1,156** | **182,718,182** |

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

### 7. Corporate income tax expense

| | Year 2020<br>VND | Year 2019<br>VND |
|---|---|---|
| **Current CIT** | | |
| Incurred income, in which: | 57,377,922,078 | 32,208,524,211 |
| *Income subject to Corporate income tax* | *54,708,273,988* | *31,172,142,461* |
| *Income is not subject to corporate income tax* | *2,669,648,090* | *1,036,381,750* |
| *In which:* | | |
| *Dividend* | *298,910* | *929,737,700* |
| *Increase due to revaluation of financial assets at fair value through profit or loss (FVTPL)* | *1,381,635,126* | *106,644,050* |
| *The amount of interest income for margin loans has been inspected and adjusted for 2018 but not adjusted in 2020* | *1,287,714,054* | - |
| Total incurred expense, in which: | 47,469,135,672 | 90,361,914,084 |
| *Corporate income tax deductible expense* | *32,010,647,501* | *77,407,990,927* |
| *Corporate income tax non-deductible expense* | *15,458,488,171* | *12,953,923,157* |
| *In which:* | | |
| *Contingency costs are not eligible* | *13,896,116,130* | *12,500,000,000* |
| *Cost of the Board of Management is not directly operating and other expenses* | *1,562,372,041* | *453,923,157* |
| Income subject to corporate income tax | 22,697,626,487 | (46,235,848,466) |
| Transfer losses from previous years | (22,697,626,487) | - |
| Profits for calculating corporate income tax | - | (46,235,848,466) |
| Current corporate income tax rate | 20% | 20% |
| Corporate income tax expense calculated on current taxable income | - | - |
| Adjust the income tax expense of previous years into current income tax expense (*) | 519,506,965 | - |
| **Total current income tax expense of securities company** | **519,506,965** | **-** |

*(*): The corporate income tax is additionally subjected according to the Decision No. 106535/QD-CTHN-TTKT8-XPVPHC dated December 11, 2020 of Hanoi Tax Department.*

## VIII. Other information

### 1. Subsequent events after reporting period

Board of General Directors confirms that, according to Board of General Directors, in all material respects, there are no unusual events arising after the cut-off date of accounting book which affects the financial position and operation of the Company that needed to be adjusted or presented on the Financial Statements for the year ended 31/12/2020.

**Form B09-CTCK**

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

*(Notes are an integral part of these Financial Statements and they shall be read in conjunction with such enclosed Financial Statements)*

### 2. Comparative information

The comparative figures are from Financial Statements for the fiscal year 2019 which has been reviewed and audited by Vietnam Auditing and Evaluation Limited Company.

*Ha Noi, Feb. 22th, 2021*

**VIETNAM INVESTMENT SECURITIES., JSC**

| Preparer | Chief Accountant | General Director |
|---|---|---|
| | | S.G.P: 69 - C.T.C.P<br>CÔNG TY CỔ PHẦN CHỨNG KHOÁN ĐẦU TƯ VIỆT NAM<br>Q. CẦU GIẤY - T.P HÀ NỘI |
| **Nguyen Thi Lan** | **Nguyen Thi Hong** | **Hoang Anh** |