



ANNUAL REPORT

2019

 **KB Securities**



KB Securities

“

We aspire to become one of the top-tier securities companies in Vietnam with the mission to create an excellent trading platform for customers

”

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MESSAGE FROM THE CHAIRMAN

Mr. Park Chunsoo
Chairman



Dear shareholders, clients, and employees!

Vietnam economy remained robust in 2019, with expansion underpinned by stable macro factors. GDP growth recorded another stellar year, at 7.02% - the second consecutive of over 7% of growth and exceeding the annual Government's target. Growth was driven by resilient manufacturing and strong domestic demand. Headline inflation averaged at 2.79% in 2019, its three-year lows while the USD/VND mostly stayed stable due to abundant overseas inflows coming from positive trade balance and strong FDI disbursement.

Regarding to stock market performance in 2019, VN-Index increased slightly by 7.67% YoY while the total average trading value on all three exchanges decreased by 29% YoY to around VND 4,650 billion. Owing to the support from KB Financial Group (Korea), KBSV has achieved new successes in its business activities in 2019. KBSV continued to boost the capital to VND 1,675 billion and implemented derivative securities services. Profit before tax attained VND 145 billion and total assets reached VND 5,564 billion. Specially, KBSV has become of of Top 10 securities companies having the largest brokerage market share in Quarter IV at Hochiminh Stock Exchange.

It goes without saying that these achievements in 2019 came from the support and coordination of our Valued Customers and Partners; inestimable contribution of all our officers, employees and continuous efforts of the Board of Directors in managing KBSV's business activities.

In 2020 Vietnam's economy with its increasingly high degree openness apparently faces a lot of challenges and difficulties as the new strain virus of respiratory tract infection - Corona Virus (also known as "Covid-19") has brought about demand and supply shock to the global economies including Vietnam. The state of Covid-19 will also be one of the main drivers towards the movements in Stock Market.

Although 2020 would be a challenging year, we - KBSV's Board of Directors would consider that this would be a promising opportunity for KBSV. The absolute support in finance, management, technology from parent company - KB Financial Group (Korea), together with the management model aiming at 6 (six) core values: Customer-orientation, Innovation, Devotion, Professionalism, Integrity and Team working will help KBSV in reaching our goals and become one of the leading securities companies in Vietnam. On behalf of the Board of Directors, I would like to express my sincere thanks to all our Valued Customers and Partners, who have been and will always stand by us, share all the difficulties as well as successes with us throughout the years and in the future. I am also very grateful to you, all my colleagues for your positive and creative contributions to the development of KBSV. I believe that KBSV will be the best place for you all to continue to place trust and build on success.

Best Regards!

Mr. Park Chunsoo
Chairman

INTRODUCTION

GENERAL INFORMATION

KB Securities Vietnam Joint Stock Company ("KBSV"), a member of KB Securities and KB Financial Group (Korea) that is a highly quality investment banking securities services firm in Vietnam, which provides a wide range of financial services to a substantial and diversified client base, including corporations, institutional and individual investors.

Founded in 2008, KBSV operates out of a headquarter in Hanoi and a branch in Hanoi and two branches in Ho Chi Minh City. With a great team of 250 experienced employees, KBSV's brand is increasingly affirmed.

KBSV has won award by HSX for "Securities Company with strongest growth in client trading accounts in 2014 & 2015" and award by Vietnam M&A 2015 Forum for "Outstanding M&A Advisor 2014 - 2016". KBSV is proud to be in Top 10 broker in listed stocks at Hanoi Stock Exchange (HNX) and UPCOM, also in Top 10 broker in listed bonds at Ho Chi Minh Exchange (HSX) in 2016, Top 10 broker in listed Stocks at Ho Chi Minh Stock Exchange (HSX) in 4Q-2019.

KBSV has become a member of KB Securities and KB Financial Group (Korea) since 09th October 2017. Since 17th January 2018, Maritime Securities Corporation (MSI) has officially changed its name to KB Vietnam Securities Joint Stock Company (abbreviated as KBSV).

Our vision

We aspire to be one of the top-tier investment banking and securities firms in Vietnam, driven by commitment to our core philosophies and values.

Our mission

We aim to create an excellent trading platform for individual/institutional investors and to bring sensible business solutions to corporate clients.

The core values of KBSV include

1. **Client first:** listening to our clients and putting their needs first.
2. **Creativity:** encourage creativity and always pay attention to new ideas to constantly bring clients smart and valuable products.
3. **Diligence:** pursue to complete the assigned work, cautious attention to the smallest details.
4. **Professionalism:** set the professional standards following the industry best practices and compliance with standards in all actions.
5. **Integrity:** honest and sincere in what we do.
6. **Teamwork:** respect for the individuals and their contribution to the overall team success.

Headquarter

Address: Floor G, 2&7, Sky City Tower Lang Ha, 88 Lang Ha, Dong Da, Hanoi
Tel: (+84) 24 7303 5333 - Fax: (+84) 24 3776 5928
Website: <https://www.kbsec.com.vn>

Ha Noi Branch

Address: Floor 1, Office Building, 5 Dien Bien Phu, Ba Dinh District, Hanoi
Tel: (+84) 24 7305 3335 - Fax: (+84) 24 3822 3131

Ho Chi Minh Branch

Address: Floor 2, TNR Tower Nguyen Cong Tru, 180-192 Nguyen Cong Tru,
1 District, Ho Chi Minh
Tel: (+84) 28 7303 5333 - Fax: (+84) 28 3914 1969

Sai Gon Branch

Address: Floor 1, Saigon Trade Center, 37 Ton Duc Thang, Ben Nghe Ward,
1 District, Ho Chi Minh
Tel: (+84) 28 7306 3338 - Fax: (+84) 28 3910 1611

Legal information

KB Vietnam Securities Joint Stock Company (KBSV) was formerly known as Standard Securities Joint Stock Company (founded under original License No. 77/UBCK-GPHDKD issued by the State Securities Commission dated 11 June 2008).

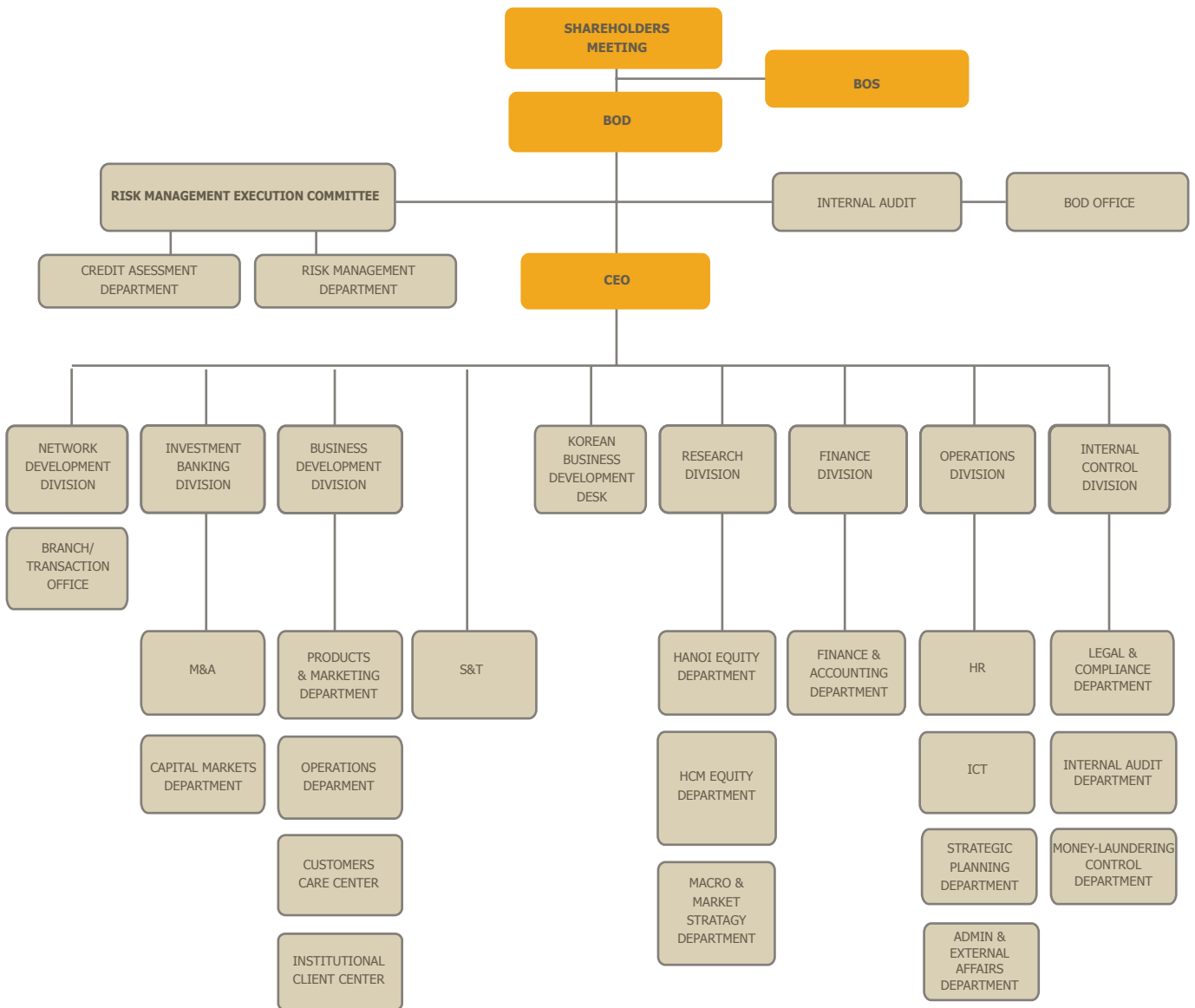
KBSV is licensed to operate the following services:

- Securities brokerage;
- Proprietary trading;
- Securities underwriting;
- Investment banking advisory;
- Derivative brokerage;
- Securities depository; and
- Managing investment accounts for individual investors.

- 2008** ● Officially started operations in June 2008 under the old name of Standard Securities Joint Stock Corporation (“SSJ”) with an initial capital of VND 35 billion (USD 2 million).
- 2010** ● Increased chartered capital to VND 300 billion (USD 15 million). Granted license for additional services: Proprietary Trading, Investment Banking Advisory and Securities Underwriting.
- 2011** ● Renamed the Company as Maritime Bank Securities (“MSBS”) under approval of the State Securities Commission in March 2011. Moved headquarter from Vung Tau City to Hanoi. MSBS has been then headquartered at 88 Lang Ha Street, Dong Da district, Hanoi as it is today.
- 2012** ● MSI Exchange was officially opened at 1st floor, Sky City, 88 Lang Ha, Dong Da, Hanoi, and suited the convenience of investors with spacious and modern facilities.
- 2013** ● In July 2013, Ho Chi Minh branch was officially opened at level 2, TNR Tower, 182-190 Nguyen Cong Tru, District 1, Ho Chi Minh City.
- 2014** ● Opened third branch in Hanoi CBD at Level 9, 115 Tran Hung Dao St, Hoan Kiem, Hanoi. Established another investment banking division in Ho Chi Minh City. MSI successfully raised over VND 12,000 billion (US\$ 600million) value corporate bonds for its corporate clients in 2014. Number of retail client accounts reached 32.000 and market share in listed securities trading value surpassed 2,5%, ranking 15th on both HSX and HNX. MSI was awarded by HSX as the securities company with strongest growth in client trading account in 2014.
- 2015** ● Renamed the Company as Maritime Securities Incorporation (“MSI”) as approved under Adjustment License No.35/GPDC-UBCK dated 07thAugust 2015 of the State Securities Commission (SSC).
 Became a Top 10 broker in listed stock at Hanoi Stock Exchange (HNX) and UPCOM and Top 10 broker in listed bond at Ho Chi Minh Securities Exchange (HSX).
 Awarded a winner by Vietnam M&A Forum for Outstanding M&A advisor 2014-2015. For a second year, MSI was awarded by HSX as the securities company with strongest growth in client trading accounts.
- 2016** ● Maintained a Top 10 broker ranking in listed securities at Hanoi Stock Exchange 2016. Awarded a winner by Vietnam M&A Forum for Outstanding M&A advisor 2015-2016 for the second year.
- 2017** ● 9th October 2017: MSI became a member of KB Securities and KB Financial Group (Korea).
- 2018** ● Renamed as KB Securities Vietnam (KBSV) as approved under Adjustment License No. 07/GPDC - UBCK dated 17th January 2018 of the State Securities Commission (SSC).
 KBSV officially increased its Charter capital to VND 1,107,078,600,000 on 14th Dec 2018.
- 2019** ● 08th January 2019: Sai Gon Branch (fouth branch) was officially opened at Level 1, Saigon Trade Center, 37 Ton Duc Thang, Dictrict 1, Ho Chi Minh.
 21st February 2019: KBSV continuously increased its Charter Capital to VND 1.675.020.900.000, becoming one of Top 10 Biggest Owners’ capital Securities Companies.
 August 2019: KBSV become Derivative member of Ha Noi Stock Exchange (HNX)
 Q4 2019: Became a Top 10 broker in listed stock at Ho Chi Minh Stock Exchange (HOSE)

MANAGEMENT INFORMATION

ORGANIZATIONAL STRUCTURE



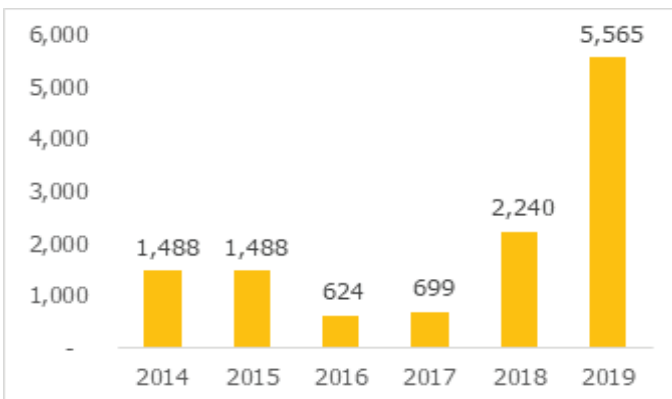
GOAL ORIENTATION

With the goal of maintaining KBSV's current position as a leading financial institution in the Vietnam stock market and reaching out the global market, KBSV will continue to innovate its operation and product diversification. We recognize that customer is a key driver of our success with a long-term commitment and co-development. Many technological solutions will be added to increase utility for our clients.

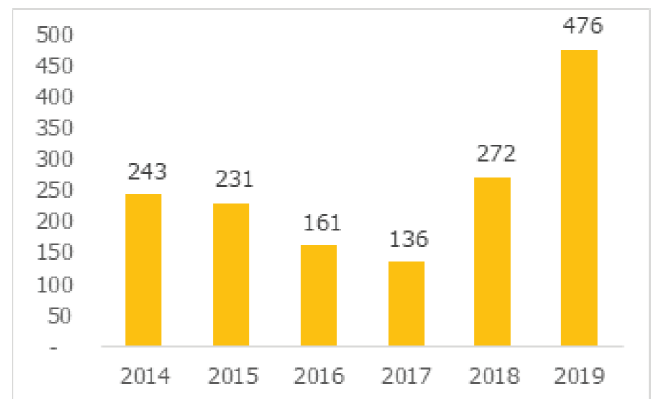
KBSV will also focus on developing quality of human resources to meet the increasingly changing demands of the market; creating a working environment in which each individual is encouraged to contribute their best work to the company. Cost and risk management should be practiced more tightly to improve financial performance. KBSV believes that building a reputable brand together with operational efficiencies is the best practice to maximize shareholders' benefits. With the absolute support from the holding company, KB Financial Group, KBSV expects to become one of the leading firms in Vietnam's stock market and international market.

FINANCIAL POSITION

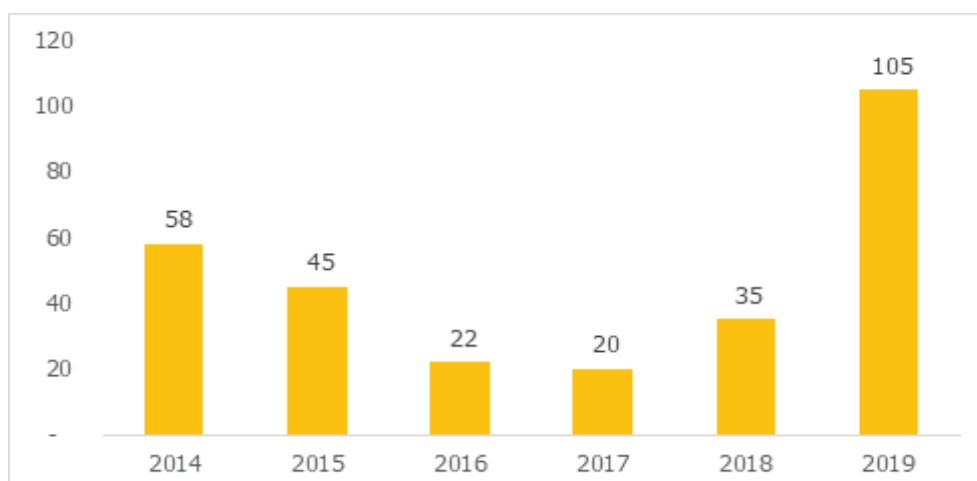
Total Assets (VND bn)



Net revenue (VND bn)



Net profit after tax (VND bn)



Profitability ratios, Liquidity ratios

ITEMS	UNIT	2017	2018	2019
Assets structure				
Long-term Assets/ Total Assets	%	3.2	9.8	2.8
Short-term Assets/ Total Asset	%	96.8	90.2	97.2
Capital structure				
Liabilities/ Total liabilities and equity	%	28.0	39.9	64.0
Equity/ Total liabilities and equity	%	72.0	60.1	36.0
Liquidity indicators				
Quick ratio	times			
Current ratio	times	3.5	2.8	1.5
Profitability ratio				
ROA	%	2.9	1.6	2.7
ROE	%	4.0	2.6	3.1
NPAT/Net Revenue Ratio	%	14.8	12.9	22.0

Book value

As at 31 Dec 2019, the book value of the Company is VND 11,971 per Share.

Amount of Shares/Bonds

No.	ITEMS	UNIT	2017	2018	2019
1	Ordinary shares (VND 10,000 per share)	Shares	30,000,000	110,707,860	167,502,090
2	Issued Bonds (VND 1,000,000,000 per bond)	Bonds	0	0	0

BUSINESS PERFORMANCE & PROSPECTS

MACRO AND MARKET 2019 OVERVIEW AND 2020 OUTLOOK

2019 Overview

Vietnam economy remained robust in 2019, with expansion underpinned by stable macro factors. GDP growth recorded another stellar year, at 7.02% - the second consecutive of over 7% of growth and exceeding the annual Government's target. Growth was driven by resilient manufacturing and strong domestic demand. Headline inflation averaged at 2.79% in 2019, its three-year lows while the USD/VND mostly stayed stable due to abundant overseas inflows coming from positive trade balance and strong FDI disbursement.

Regarding to stock market performance in 2019, VN-Index increased slightly by 7.67% YoY while the total average trading value on all three exchanges decreased by 29% YoY to around VND 4,650 billion. Foreigners continue to buy on the Vietnamese stock market, although the net buying value has dropped significantly, reaching about USD 238 million in 2019 compared to 1,883 million USD in 2018 due to global uncertainties leading to sell-off in emerging markets. Foreigners' net buying was mainly put-through transactions including VIC, VCB, MSN, VRE ... (excluding the put-through transactions, foreign investors sold about 72 million USD on the HSX in 2019).

2019 witnessed the decline in profit growth of businesses listed on the HSX with a modest increase of 12%, just over half of 2018's figure at 21%. However, net profit margin remained high, rising to 9.8% in 2019 compared to 9.4% in 2018. Banking and Real estate sectors are still the two main contributors to the market profit growth. In fact, excluding leading companies of these two groups, including VIC, VHM and VCB, the growth on the HSX has slowed significantly (5.8%).

2020 Outlook

Viewed as a highly open economy, Vietnam will be hit hard in both supply and demand sides in 2020 due to the spread of Covid-19.

- In our baseline scenario, Covid-19 should be controlled at the end of 2Q and 2020 growth forecast will decelerate to 4.5%. However, this case may be changed depending on the strength of Covid-19 impacts and the Government support measures. Public disbursement is expected to improve as this is priority measure to bolster growth amid the pandemic. We estimate a 0.42% increase in GDP for 100% disbursement as in the plan of the government
- Average headline CPI is forecast to slow down until year-end to 3.5% YoY as the acceleration of Government price control measures. Thus, easing monetary policy could be applied to support growth, especially in 2H.2020. Besides, downtrend in lending rates will be clearer in the upcoming months
- We estimate the USD/VND will depreciate by 2.5% at the year-end due to an unfavorable change in FX supply and demand conditions as global USD liquidity crunch under Covid-19. However, thanks to more stable macro environment and the State Bank's market-oriented management, the VND should stay strong.

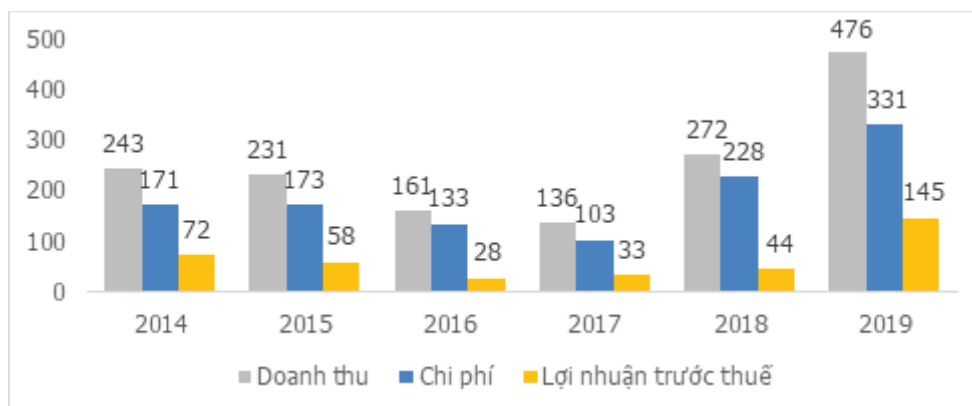
Regarding the movements of the stock market, the situation of Covid-19 epidemic will also be the main driving factor this year:

- Lower economic forecast in 2020 due to Covid-19 effect is likely to hit the earning growth. In our base case when the epidemic peak at the end of Q2, we forecast profit growth of companies listed on the HSX in 2020 will decrease to 5% YoY (compared to the corresponding growth rate 12% of 2019 and nearly 20% of the average of the last 3 years).
- Vietnam stock market face many challenges this year due to unfavorable macroeconomic situation, caution of SBV and the government in fiscal and monetary policy, along with the absence of positive factors domestic (market upgrades, divestments, equitization ...). The market movements will experience periods of strong volatility intertwined with the opportunity to create a medium-term bottom.
- Speeding up public investment is the focus of this year's fiscal policy and will bring opportunities to benefit companies in the construction industry of infrastructure and construction materials - one of the investment highlights of 2020.

BUSINESS OPERATION EVALUATION AND DEVELOPMENT PLAN

In 2019, KBSV's business performance was relatively positive, revenue reached VND 476 billion, the highest speed in the past 5 years and increased 76% compared to 2018. Total profit before tax of KBSV reached VND 145 billion, increased to 331% compared to 2018. In the end of 2019, total assets of KBSV reached VND 5,564 billion, increased 250% compared to 2018.

KBSV's Business Performance (unit: VND bn)



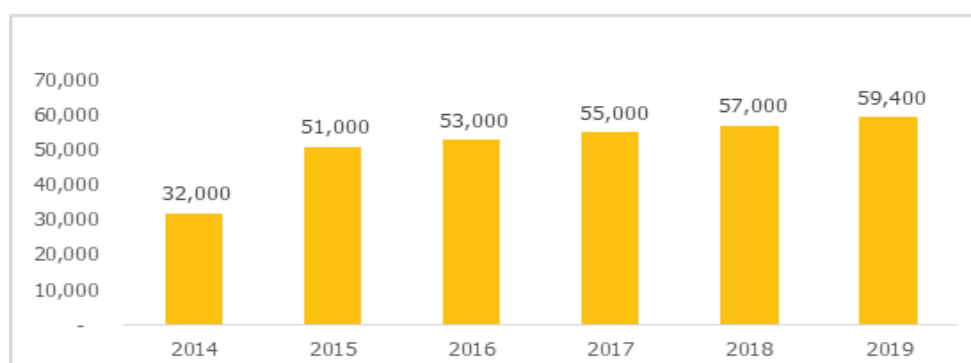
In 2020, KBSV's target is continuously become a Top 10 Broker in Ho Chi Minh Stock Exchange (HOSE), offering the most perfect services and .

Securities services

In 2019, KBSV concentrated on its sustainable development, improved the quality of securities depository for local and international clients, especially targeted to the retail clients and institutional clients/ investment funds from Korea. The results are:

- Become one of Top 10 largest Securities Brokerage Securities Company
- Offered the financial Products with the most favorable interest rate in the market like KB-Super Dream;
- The number of accounts reached over 59,000 accounts in the end of 2019.

Total Accounts



The goal of KBSV in 2020 is to focus on improving brokerage service, adding value and services to customers. A number of action plans for the securities services in 2020 include:

- Promote the development of all customer groups, especially group of VIP customers and foreign customers (Korea);
- Continue to train team staff and standardize procedures to ensure professionalism, recruit new personnel to meet the objectives of KBSV;
- Improve the quality of consulting reports for clients;
- Organize seminars related to investment opportunities in Vietnam for foreign institutional clients;
- Prepare funding sources to meet the demand of margin loans of customers;

Investment Banking Service

In 2019, revenue from Investment Banking division reached nearly VND 19 billion. Fixed income underwriting, corporate restructuring and M&A advisory work continue to be our focus and achieve positive outcomes.

In 2020, KBSV will continuously improve our current products and shall offer new products for domestic customers and Co-operate with Head Quarter to launch attractive products for Korean customers.

Information Technology

In 2019, KBSV has successfully launched Derivative system in Quarter III and upgraded the system and improved trading tools for clients such as KB-Mobile and KB-Trade.

In 2020, KBSV will continue to develop preminent products with friendly, safe and secured features.

HR & Labour policy

In 2019, KBSV completed building the title system and personnel assessment in accordance with global standards of Korean KB Financial Group. At the same time, KBSV also implemented a new health insurance regime with more benefits for all employees.

In 2020, KBSV continues to focus on recruiting well qualified personnel, adjusting and updating the salary, bonus, welfare and treatment system for staff according to global standards and commensurate with level of competition in the labour market.

SHAREHOLDERS

SHAREHOLDERS STRUCTURE AND SHAREHOLDING RATIO

CATEGORY	NUMBER OF SHARES	RATIO (%)	NUMBER OF SHAREHOLDERS
A. SHAREHOLDING RATIO			
Total number of common shares	167,502,900	100%	26
Major shareholders (holding more than 5% of the charter capital with voting rights)	166,997,100	99.7%	1
Shareholders holding less than 5% of the charter capital with voting rights	505,050	0.3%	25
Including			
State shareholders	0	0	0
Foreign shareholders	0	0	0
B. CHARTER CAPITAL STRUCTURE			
State shareholders	0	0	0
Foreign shareholders	166,997,100	99.7%	0
Institutional shareholders	167,036,060	99.7%	2
Individual shareholders	466,050	0.3%	24
C. NUMBER OF SHARES			
Number of common shares	167,502,900	100%	6
Number of restricted shares	0	0	0

SHARE TRANSACTION OF INTERNAL SHAREHOLDERS

No Transaction

ENVIRONMENTAL AND SOCIAL REPORT

SOCIAL ACTIVITIES

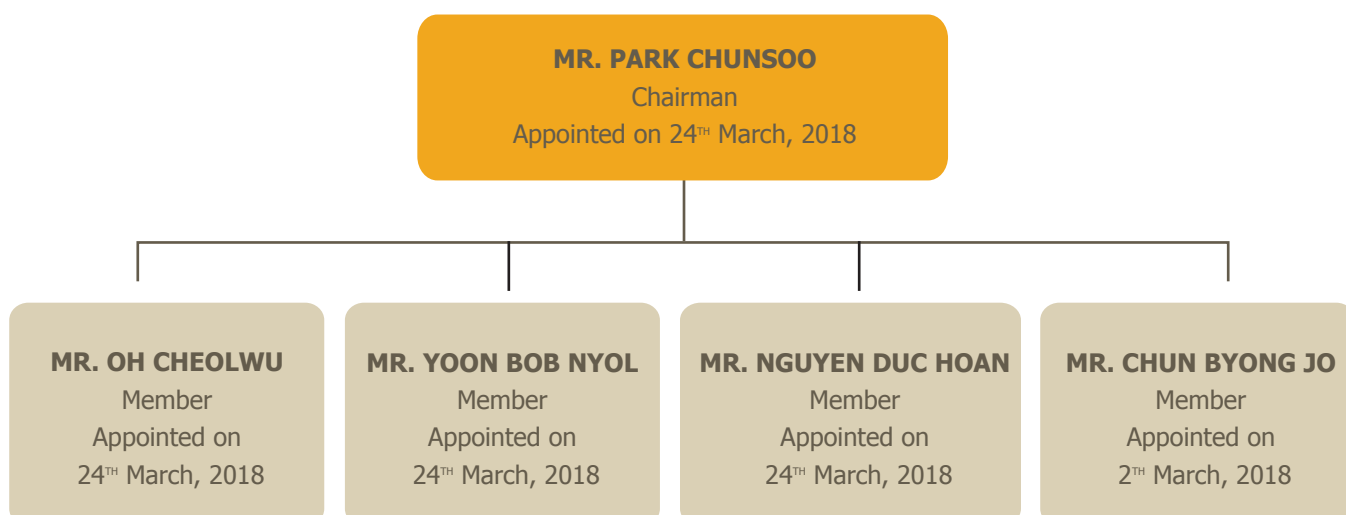
KBSV is always aware of its commitment to the community and society in which it operates. We understand that human resource training is not only educational institutions' responsibility but also the enterprises'. Therefore, together with universities, KBSV is actively involved in organizing career guidance and training programs, exposing students to the real working environments. Internships are organized at KBSV every year and many excellent students have joined and become KBSV-er after the internship.

In addition to taking responsibility for human resources training, KBSV is also actively participated in philanthropy programs by making donations for facial deformities surgeries of children; as well as making charitable donations for orphans and poor children in different regions of the country.

In October 2018, KBSV implemented the program "KB Rainbow Library" at Huu Nghi Primary School in Hoa Binh City. "KB Rainbow Library" was a part of the project of providing teaching equipment for Huu Nghi Primary School, run by the Korean NGO WECA and sponsored by KBSV. The total donation of the project was VND 1 billion. The project provided equipment including: library equipment, teaching equipment to ensure standards, support library activities and teaching for Huu Nghi School. Especially, the project provided 14,000 books, comics for students; reference books for teachers and primary students. This project has been implemented in different countries.

BOARD OF DIRECTORS (BOD)

ORGANIZATIONAL STRUCTURE OF BOD



Mr. Park Chunsoo - Chairman

Mr. Park Chunsoo is currently Managing Director of KB Securities, Korea. Mr. Park graduated in International Economics from Seoul National University, Korea in 1995. Mr. Yoon has joined KB Financial Group for many years and has extensive experience in various positions in the Group as well as its subsidiaries such as KB Bank, KB Investment & Securities.

Mr. Park Chunsoo has assumed the BOD Chairman position of KB Securities Vietnam Joint Stock Company since 24th March 2018.

Mr. Oh Cheolwu – Member

Mr. Oh Cheolwu is currently a Senior President of KB Securities Korea. Mr Oh graduated in Economics from Seoul National University, Korea in 1999. Prior to joining KB Financial Group, Mr. Oh held the leadership position at Deawoo Securities Korea for 16 years.

Mr. Oh Cheolwu officially became a member of the BOD of KBSV since 24th March 2018.

Mr. Yoon Bob Nyol – Member

Mr. Yoon Bob Nyol is currently a Director of KB Securities Korea. Mr. Yoon held a PhD candidate of Law, Seoul National University, Korea in 2007. Mr. Yoon also held a MBA of Business Administration of Yonsei University, Korea in 2012. Mr. Yoon has joined KB Securities from 2008.

Mr. Yoon Bob Nyol officially became a member of the BOD of KB Securities Vietnam Joint Stock Company since 24th March 2018.

Mr. Nguyen Duc Hoan – Member

Mr. Nguyen Duc Hoan is an experienced financial professional with 20 years in the financial market. He has eight years working with Barclays Bank in London (UK) and four years as the head of fixed income trading at Maritime Bank, one of the Top 5 private commercial banks in Vietnam.

He is currently CEO of Trust Principle Fund Management Company (TPF), managing accounts for a number of institutional clients including Maritime Bank and other financial institutions. TPF is a major shareholder and has been working with KBSV in a number of landmark investment banking deals.

Since 24th March 2018, he has taken a new role as a member of BOD of KBSV.

Mr. Chun Byong Jo – Member

Mr. Chun Byong Jo was the Chairman cum CEO of KB Securities Company (Korea) from 2017 to the end of 2018. Before that, from 1986 to 2008, Mr. Chun held high-level position in the Ministry of Finance & Economy and key Korean government officers with the highest position of the General Director. Mr. Chun was the Executive Director in charge of Investment Banking at NH Investment and Securities Company, Deawoo Securities. In 2013, Mr. Chun held as Vice President and CEO of KB Investment abd.

Mr Chun was appointed as BOD member of KBSV on 2nd January 2019.

SHAREHOLDING RATIO OF BOD MEMBERS

NO.	FULL NAME	POSITION	RATIO (%)
1	Mr. Park Chunsoo	Chairman	0%
2	Mr. Yoon Bob Nyol	Member	0%
3	Mr. Nguyen Duc Hoan	Member	0%
4	Mr. Chun Byong Jo	Member	0%
5	Mr. Oh Cheolwu	Member	0%

COMMITTEES UNDER BOD

1. Audit Committee

The Audit Committee and Internal Audit were established in November 2013 as a unit directly under the Board and completely independent from the Executive Board according to advanced practices of corporate governance. The Audit Committee is responsible for independent assessment of the conformity and compliance with policies and laws, rules, and the decisions of General Meeting of Shareholders and the Board of Directors; assessing the compliance with laws, internal regulations of the company's operations through internal audit activities.

The Audit Committee is responsible for establishing the internal audit groups to conduct the internal audit activities of the company periodically or thematically. The audit reports are directly reported to the Board of Directors.

2. Risk Committee

The Risk Committee is a responsible unit under the Board of Directors to assist in undertaking the risk management role, including the making of operational risk policy and management; assessing the appropriateness and effectiveness of risk management system established in the company.

ACTIVITIES OF THE BOD

NO.	MEMBER	POSITION	NUMBER OF MEETINGS ATTENDED	RATIO
1	Mr. Park ChunSoo	Chairman	15	100%
2	Mr. Yoon Bob Nyol	Member	15	100%
3	Mr. Nguyen Duc Hoan	Member	15	100%
4	Mr. Chun Byong Jo	Member	15	100%
5	Mr. Oh Cheolwu	Member	02	100%

Board of Directors always keeps abreast to the Company's business operations, directly issues decisions and resolutions in order to provide timely guidance and creates favorable conditions for the Executive Board to regulate business operations of the Company.

In addition to overseeing Executive Board's activities, BOD has always been actively operating within the framework, includes:

- Deploy the works related to the holding of the Annual General Meeting of Shareholders in 2019
- Approves regulations in line with actual situations, providing a clear framework for operation and business, such as salary scale, financial regulations;
- Holds meetings in order to issue timely decisions on business operations as proposed by the CEO.

BOARD EVALUATION OF THE COMPANY PERFORMANCE

EVALUATION ON PERFORMANCE OF 2019

KBSV has performed well in 2019 according to the Company's long-term orientation, including:

- The Company's business operations have achieved encouraging results and awards as:
 - Profit before tax increased by 231% compared to 2018.
 - Managing more than 59,000 clients' accounts;
 - Total assets of KBSV hit the level of VND 5,564 billion, increased 2.5 times compared to the one of 2018.
- Excellent employees have worked efficiently to accomplish the tasks set;
- Risk management system is monitored and strictly adhered to;
- KBSV's culture has become more clearly defined;
- Actively involved in social activities.

OPERATIONAL PLAN FOR 2020

KBSV's Board of Directors in 2020 will focus on the following matters:

- Strengthen inspection and supervision; enhance and improve the capacity of the internal inspection, internal control and audit to improve efficiency and preserve capital;
- Continue to supplement and improve the system of regulations, operational procedures, management reporting systems and managing information, focus on risk management progress;
- Enhance the brand value;
- Strengthen the relationship with shareholders in order to provide information for the public quickly, promptly and transparently;
- Adhere to the Charter, Regulations on the organization and operation of the Board of Directors and other internal regulations of the Company.

BOARD OF DIRECTORS' EVALUATION ON THE OPERATIONS OF THE MANAGEMENT TEAM

- The Management Team has earnestly implemented BOD's decisions and resolutions in order to achieve the business tasks set;
- Implement periodical reporting, periodic disclosure to the SSC, Hanoi Stocks Exchange, Ho Chi Minh Stocks Exchange about operations of the Company according to regulations;
- The Company's activities and events are always informed by the Management Team to its clients, partners and shareholders through the Company's website. The information about the typical events such as financial reports, corporate governance, BOD appointment is punctually disclosed.
- The Management Team has implemented and ensured the legitimate rights and interests of employees in accordance with the State policies and regulations. In addition, the regime of salary increases and allowances for employees is also considered by KBSV.

SUPERVISORY BOARD

SUPERVISORY BOARD ORGANIZATIONAL STRUCTURE OF 2019

FULL NAME	POSITION	APPOINTMENT/ RESIGNATION DATE
Ms. Pham Thi Bich Thuy	Head of Supervisory Board	Appointed on 09 Oct 2017
Ms. Dinh Thi Lien Huong	Member	Appointed on 09 Oct 2017
Mr. Lee Hwang In	Member	Appointed on 24 Mar 2018

SUPERVISORY BOARD'S SHAREHOLDING RATIO

NO.	FULL NAME	POSITION	RATIO
1	Ms. Pham Thi Bich Thuy	Head of Supervisory Board	0%
2	Ms. Dinh Thi Lien Huong	Member	0%
3	Mr. Lee Hwang In	Member	0%

SUPERVISORY BOARD'S OPERATION

The operation of the Supervisory Board complies with laws and charters of the Company. The operations of the Supervisory Board include:

- Monitor the compliance with the law, the Company's charter and the resolutions of the Annual General Meeting of Shareholders;
- Verify quarterly, semi-annual and annual financial statements in 2019 of the Company. Monitor the compliance with the financial safety regulations in accordance with Circular 87 issued by the Ministry of Finance on 15 August 2017;
- Join the Board of Directors and the Management Team in checking the validity of newly promulgated procedures and regulations;
- In 2019, Supervisory Board did not receive any complaints from shareholders about the performance of KBSV.



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CORPORATE INFORMATION

Establishment and Operation Licence

No. 77/UBCK-GPHDKD dated 11 June 2008 issued by the State Securities Commission. The Establishment and Operation Licence was amended several times and the latest amendment No. 10/GPĐC-UBCK was issued on 21 February 2019.

As at the date of the financial statements

Board of Directors

Mr. Park Chunsoo	<i>Chairman</i>
Mr. Yoon Bob Nyol	<i>Member</i>
Mr. Oh Cheol Wu	<i>Member</i>
Mr. Nguyen Duc Hoan	<i>Member</i>
Mr. Byoung Jo Chun	<i>Member</i> <i>(appointed on 2 January 2019)</i>

Board of Management

Mr. Nguyen Duc Hoan	<i>General Director</i>
Mr. Oh Cheol Wu	<i>Deputy General Director</i>
Mr. Shin Jhintaek	<i>Chief Finance Officer</i> <i>(appointed on 22 October 2019)</i>
Ms. Le Thi Quyen	<i>Acting Deputy General Director</i>

Legal Representative

Mr. Park Chunsoo	<i>Chairman</i>
Mr. Nguyen Duc Hoan	<i>General Director</i>

Registered office

Floor G, 2nd and 7th, Sky City Tower Lang Ha, 88 Lang Ha, Dong Da District, Hanoi, Vietnam

Ho Chi Minh Branch

2nd floor, TNR Tower Nguyen Cong Tru, 180-192 Nguyen Cong Tru, District 1, Ho Chi Minh City, Vietnam

Hanoi Branch

1st floor, Office Building, 5 Dien Bien Phu, Ba Dinh District, Hanoi, Vietnam

Saigon Branch

1st floor, Saigon Trade Center, 37 Ton Duc Thang, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam

Auditor

Branch of PwC (Vietnam) Limited in Hanoi

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

The Board of Management of KB Securities Vietnam Joint Stock Company (“the Company”) is responsible for preparing the financial statements which give a true and fair view of the financial position of the Company as at 31 December 2019 and of the result of its operations, its cash flows and its changes in equity for the year then ended. In preparing these financial statements, the Board of Management is required to:

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

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

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements as set out on pages 5 to 68 which give a true and fair view of the financial position of the Company as at 31 December 2019 and of the results of its operations, its cash flows and its changes in equity for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and prevailing regulations on the preparation and presentation of financial statements applicable to securities companies operating in Vietnam.

On behalf of the Board of Management

Nguyen Duc Hoan
General Director/
Legal Representative

Hanoi, SR Vietnam
30 March 2020

MACRO AND MARKET 2019 OVERVIEW AND 2020 OUTLOOK

Form B 01 – CTCK

Code	ITEMS	Note	AS AT	
			31/12/2019 VND	31/12/2018 (As restated – Note 3) VND
ASSETS				
100	CURRENT ASSETS		5,410,163,195,683	2,020,115,996,556
110	Short-term financial assets		5,403,540,259,659	2,012,838,552,300
111	Cash and cash equivalents	4.1	641,001,776,578	105,406,769,560
111.1	Cash		641,001,776,578	10,255,536,683
111.2	Cash equivalents		-	95,151,232,877
112	Financial assets at fair value through profit or loss ("FVTPL")	4.2(a)	1,317,734,651,599	431,388,748,420
113	Held-to-maturity ("HTM") investments	4.2(b)	997,000,000,000	272,005,479,452
114	Loans	4.2(c)	2,348,961,187,363	1,146,395,557,032
115	Available-for-sale ("AFS") financial assets	4.2(d)	897,376,000	897,376,000
116	Provisions for impairment loss of financial assets and collaterals	4.3	(550,965,657)	(14,882,925,413)
117	Receivables	4.4(a)	89,024,593,365	15,391,662,148
118	Prepayments to suppliers	4.4(b)	4,003,658,400	4,179,693,195
119	Service-related receivables	4.4(c)	973,995,674	50,407,800,000
122	Other receivables	4.4(d)	4,493,986,337	1,686,556,517
129	Provisions for doubtful debts		-	(38,164,611)
130	Other current assets		6,622,936,024	7,277,444,256
131	Advances to employees		167,950,305	338,465,870
133	Short-term prepaid expenses	4.5(a)	3,277,831,959	4,028,212,352
134	Short-term pledges, mortgages, collateral and deposit		3,177,153,760	2,910,766,034
200	NON-CURRENT ASSETS		154,470,494,884	219,755,852,004
210	Long-term financial assets		90,000,000,000	180,000,000,000
212	Investments		90,000,000,000	180,000,000,000
212.1	Held-to-maturity ("HTM") investments	4.2(b)	90,000,000,000	180,000,000,000
220	Fixed assets		28,116,343,356	15,367,546,799
221	Tangible fixed assets	4.6(a)	14,040,746,569	10,119,421,572
222	Historical cost		29,075,956,855	20,371,068,055
223a	Accumulated depreciation		(15,035,210,286)	(10,251,646,483)

227	Intangible fixed assets	4.6(b)	14,075,596,787	5,248,125,227
228	Historical cost		26,430,922,915	15,743,822,915
229a	Accumulated amortisation		(12,355,326,128)	(10,495,697,688)
240	Construction in progress	4.6(c)	-	5,492,736,000
250	Other non-current assets		36,354,151,528	18,895,569,205
251	Long-term pledges, mortgages, collateral and deposit		15,000,000	15,000,000
252	Long-term prepaid expenses	4.5(b)	13,064,751,280	8,106,168,957
254	Deposits in the Settlement Supporting Fund	4.7	13,274,400,248	10,774,400,248
255	Other non-current assets	4.8	10,000,000,000	-
270	TOTAL ASSETS		5,564,633,690,567	2,239,871,848,560

The notes on pages 15 to 68 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION (continued)

Form B 01 – CTCK

		AS AT 31 DECEMBER		
Code	ITEMS	Note	31/12/2019 VND	31/12/2018 (As restated – Note 3) VND
300	LIABILITIES		3,559,402,876,802	906,373,161,473
310	Current liabilities		3,559,399,679,123	735,912,749,516
311	Short-term borrowings and finance lease liabilities		3,283,765,000,000	665,431,382,950
312	Short-term borrowings	4.9(a)	3,283,765,000,000	665,431,382,950
318	Trading obligations	4.10	3,057,276,380	953,207,930
320	Short-term trade accounts payable	4.11	1,177,504,699	3,347,931,400
321	Short-term advances from customers		273,000,000	205,000,000
322	Tax and other payables to the State	4.12	23,108,504,958	3,131,190,312
323	Payables to employees		14,671,679,605	6,816,743,225
324	Accrued employees' welfare		716,862,260	484,943,262
325	Short-term accrued expenses	4.13	19,555,306,970	51,864,130,815
329	Other short-term payables	4.14	212,963,613,192	3,678,219,622
331	Bonus and welfare funds		110,931,059	-
340	Non-current liabilities		3,197,679	170,460,411,957

AS AT 31 DECEMBER				
Code	ITEMS	Note	31/12/2019 VND	31/12/2018 (As restated – Note 3) VND
341	Long-term borrowing and finance lease liabilities	-		170,325,000,000
342	Long-term borrowings	4.9(b)	-	170,325,000,000
356	Deferred income tax liabilities	4.15	3,197,679	135,411,957
400	OWNERS' EQUITY		2,005,230,813,765	1,333,498,687,087
410	Owners' equity		2,005,230,813,765	1,333,498,687,087
411	Owners' capital		1,675,020,900,000	1,107,078,600,000
411.1	Share capital	4.16	1,675,020,900,000	1,107,078,600,000
411.1a	Ordinary shares with voting rights		1,675,020,900,000	1,107,078,600,000
414	Supplementary capital reserve		4,688,585,575	2,937,033,810
415	Financial and operational reserve		19,559,006,101	17,807,454,336
417	Undistributed earnings	4.17	305,962,322,089	205,675,598,941
417.1	Realised post-tax profits		306,067,690,970	206,339,253,909
417.2	Unrealised losses		(105,368,881)	(663,654,968)
440	TOTAL RESOURCES		5,564,633,690,567	2,239,871,848,560

The notes on pages 15 to 68 are an integral part of these financial statements.

OFF STATEMENT OF FINANCIAL POSITION ITEMS

Form B 01 – CTCK

AS AT				
Code	ITEMS	Note	31/12/2019	31/12/2018
A	ASSETS OF THE COMPANY AND ASSETS UNDER ENTRUSTMENT			
			Original currency	
005	Foreign currencies US Dollar		329	30,314
			Quantity	
006	Number of shares in issue (shares)	4.16(a)	167,502,090	110,707,860
			Par value (VND)	
008	Securities listed/registered at Vietnam Securities Depository ("VSD")		26,340,000	2,622,960,000
009	Securities in custody of VSD and not yet traded		-	90,000

		AS AT		
Code	ITEMS	Note	31/12/2019	31/12/2018
012	Securities not in custody of VSD		336,000,000	336,000,000
B	ASSETS OF AND LIABILITIES TO CUSTOMERS		Par value (VND)	
021	Securities listed/registered at the Vietnam Securities Depository (VSD)		7,879,470,880,000	4,745,222,170,000
021.1	Unrestricted securities		6,867,251,250,000	4,559,773,500,000
021.2	Restricted securities		558,186,700,000	7,197,580,000
021.3	Pledged securities		146,159,790,000	87,730,000,000
021.5	Securities awaiting settlement		307,873,140,000	90,521,090,000
022	Securities in custody of VSD and not yet traded		357,393,090,000	4,384,690,000
022.1	Securities in custody of VSD and not yet traded – unrestricted securities		86,200,440,000	3,838,110,000
022.2	Securities in custody of VSD and not yet traded – restricted securities		271,192,650,000	546,580,000
			Value (VND)	
026	Customers' deposits		279,432,874,373	292,095,528,768
027	Customers' deposits for securities trading		220,515,650,362	290,377,896,888
027.1	Customers' deposits at VSD		39,634,082,327	-
029	Cash blocked for trading settlements		19,283,141,684	1,717,631,880
029.1	Cash blocked for trading settlements of domestic customers		14,482,155,016	1,190,257,726
029.2	Cash blocked for trading settlements of foreign customers		4,800,986,668	527,374,154

The notes on pages 15 to 68 are an integral part of these financial statements.

OFF STATEMENT OF FINANCIAL POSITION ITEMS (CONTINUED)

Form B 01 – CTCK

		AS AT	
Code	ITEMS	31/12/2019	31/12/2018
B	ASSETS OF AND LIABILITIES TO CUSTOMERS (CONTINUED)		
			Value (VND)
031	Payables to customers relating to their deposits at the Company for securities trading	282,142,518,682	291,857,620,674

031.1	Payables to domestic customers relating to their deposits at the Company for securities trading	261,104,267,731	291,811,058,528
031.2	Payables to foreign customers relating to their deposits at the Company for securities trading	21,038,250,951	46,562,146

Nguyen Thanh Huyen
Chief Accountant/Preparer

Nguyen Duc Hoan
General Director/
Legal Representative
30 March 2020

to 68 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Form B 01 – CTCK

		FOR THE YEAR ENDED	
Code	ITEMS	31/12/2019 VND	31/12/2018 (As restated – Note 3) VND
OPERATING INCOME			
01	Gains from financial assets at fair value through profit or loss (“FVTPL”)	106,710,743,004	3,254,146,197
01.1	Realised gains on disposals of FVTPL financial assets	5.1 68,661,556,782	3,180,676,610
01.2	(Decrease)/increase in revaluation gains of FVTPL financial assets	5.2 (661,071,388)	52,651,641
01.3	Dividends and interest income from FVTPL financial assets	38,710,257,610	20,817,946
02	Gains from held-to-maturity (“HTM”) investments	48,035,119,190	16,316,892,106
03	Interest income from loans and receivables	5.3 201,069,088,161	78,527,971,275
06	Revenue from brokerage services	97,009,971,951	51,145,880,723
07	Revenue from securities underwriting and issuance agency services	5.4 13,302,636,364	112,587,200,000
08	Revenue from investment consultancy services	1,308,015,900	-

09	Revenue from custody services		3,346,350,603	2,019,219,532
10	Revenue from financial consultancy services		3,136,363,636	4,340,816,666
11	Other operating income		1,949,658,154	1,608,132,520
20	TOTAL OPERATING INCOME		475,867,946,963	269,800,259,019
OPERATING EXPENSES				
21	Losses from FVTPL financial assets		(4,211,424,913)	(1,174,400,069)
21.1	Realised losses on disposals of FVTPL financial assets	5.1	(5,430,782,388)	(1,003,802)
21.2	Decrease/(increase) in revaluation losses of FVTPL financial assets	5.2	1,219,357,475	(1,173,396,267)
24	Provisions for financial assets, losses on bad debts, impairment losses of financial assets and interest expenses associated with loans		-	142,205,695
27	Expenses for brokerage services	5.5	(118,626,212,037)	(63,528,439,662)
28	Expenses for securities underwriting and agency services	5.6	(6,592,950,000)	(103,440,700,000)
29	Investment consultancy service expenses	5.6	(99,227,500)	-
30	Expenses for custody services		(4,638,090,738)	(4,018,131,581)
31	Expenses for financial consultancy services	5.6	(14,258,431,585)	(9,323,595,322)
31	Other operating expenses		(2,134,000)	-
40	TOTAL OPERATING EXPENSES		(148,428,470,773)	

The notes on pages 15 to 68 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME (continued)

Form B 02 – CTCK

		FOR THE YEAR ENDED	
Code	ITEMS	31/12/2019 VND	31/12/2018 (As restated – Note 3) VND
FINANCIAL INCOME			
41	Realised and unrealised gains from foreign exchange differences	2,348,166	-
42	Dividend income and interest income from demand deposits	3,901,967,159	2,681,787,427
50	TOTAL FINANCIAL INCOME	3,904,315,325	2,681,787,427
FINANCIAL EXPENSES			
52	Interest expenses	(98,106,589,127)	(23,931,120,585)
55	Other financial expenses	(46,908,810,919)	(1,884,148,845)
60	TOTAL FINANCIAL EXPENSES	(145,015,400,046)	(25,815,269,430)

62	GENERAL AND ADMINISTRATION EXPENSES	5.7	(37,028,696,651)	(21,276,615,142)
70	OPERATING RESULTS		149,299,694,818	44,047,100,935
OTHER INCOME AND EXPENSES				
71	Other income		-	10,050
72	Other expenses	5.8	(4,072,533,536)	(4,393,729,024)
80	NET OTHER EXPENSES		(4,072,533,536)	(4,393,718,974)
90	NET ACCOUNTING PROFIT BEFORE TAX		145,227,161,282	39,653,381,961
91	Realised profit		144,668,875,195	40,774,126,587
92	Unrealised profit/(loss)		558,286,087	(1,120,744,626)
100	BUSINESS INCOME TAX	5.9	(40,386,403,545)	(8,853,994,771)
100.1	Business income tax – current		(40,518,617,823)	(8,843,464,444)
100.2	Business income tax – deferred		132,214,278	(10,530,327)
200	NET PROFIT AFTER TAX		104,840,757,737	30,799,387,190
500 EARNINGS PER SHARE				
501	Basic earnings per share (VND/share)		658	905

Nguyen Thanh Huyen
Chief Accountant/Preparer

Nguyen Duc Hoan
General Director/
Legal representative
30 March 2020

The notes on pages 15 to 68 are an integral part of these financial statements.

Form B 03b – CTCK

STATEMENT OF CASH FLOWS

(Indirect method)

		FOR THE YEAR ENDED	
Code	ITEMS	Note	
			31/12/2019
			VND
			31/12/2018
			(As restated –
			Note 3)
			VND
Cash flows from operating activities			
01	Net profit before tax		145,227,161,282
02	Adjustments for:		39,653,381,961
03	Depreciation and amortisation		4,484,382,456
04	Provisions		(142,205,695)
06	Interest expenses		23,931,120,585
07	Profits from investing activities		(2,681,787,427)
08	Accrued interest income		(10,085,315,704)
10	Changes in non-cash expenses		(1,219,357,475)
11	(Decrease)/increase in revaluation losses of FVTPL financial assets		1,173,396,267
18	Changes in non-cash income		(52,651,641)
19	Decrease/(increase) in revaluation gains of FVTPL financial assets		(52,651,641)
30	Changes in working capital		(2,837,956,813,403)
31	Increase in FVTPL financial assets		(421,041,734,051)
32	Increase in HTM investments		(357,505,479,452)
33	Increase in loans		(602,770,970,310)
35	Increase in receivables from disposals of financial assets		-
36	Increase in dividends and interests receivables on financial assets		(1,646,989,608)
37	Decrease/(increase) in service-related receivables		(49,863,000,000)
39	(Increase)/decrease in other receivables		879,814,596
40	Decrease/(increase) in other assets		(293,814,870)
41	(Decrease)/increase in accrued expenses (excluding interest expenses)		35,758,697,377
42	Increase in prepaid expenses		(10,673,202,381)
43	Business income tax paid		(12,236,441,721)
44	Interest paid		(18,913,756,044)
45	Increase in trade accounts payable		3,295,641,600

FOR THE YEAR ENDED				
Code	ITEMS	Note	31/12/2019 VND	31/12/2018 (As restated – Note 3) VND
46	Decrease in employee welfare payables		(708,081,002)	(2,586,861,480)
47	Increase/(decrease) in tax and other payables to the State (excluding corporate income tax paid)		3,203,210,205	(948,170,123)
48	Increase in payables to employees		7,854,936,380	2,317,429,483
50	Increase/(decrease) in other payables		28,454,400,008	(37,094,393,937)
52	Other payments for operating activities		(11,074,850,728)	(4,519,796,278)
60	Net cash outflows from operating activities		(2,643,284,934,194)	
Cash flows from investing activities				
61	Purchases of fixed assets		(17,901,969,400)	(11,269,599,725)
65	Proceeds from dividends and profit distributions from long-term investments		-	2,216,987,108
70	Net cash outflows from investing activities		(17,901,969,400)	(9,052,612,617)

The notes on pages 15 to 68 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(Indirect method)
(continued)

Form B 03b – CTCK

FOR THE YEAR ENDED				
Code	ITEMS	Note	31/12/2019 VND	31/12/2018 (As restated – Note 3) VND
Cash flows from financing activities				
71	Proceeds from issuance of shares		567,942,300,000	807,078,600,000
73	Proceeds from borrowings:		15,608,436,012,446	2,392,257,105,526
73.1	Borrowings from Settlement Supporting Fund		-	-
73.2	Other borrowings	6.2	15,608,436,012,446	2,392,257,105,526
74	Repayments of borrowings	6.3	(12,979,596,401,834)	(1,692,000,722,576)

FOR THE YEAR ENDED				
Code	ITEMS	Note	31/12/2019 VND	31/12/2018 (As restated – Note 3) VND
80	Net cash inflows from financing activities		3,196,781,910,612	1,507,334,982,950
90	Net increase in cash and cash equivalents		535,595,007,018	76,719,663,936
101	Cash and cash equivalents at beginning of year		105,406,769,560	28,687,105,624
101.1	Cash	4.1	10,255,536,683	28,687,105,624
101.2	Cash equivalents		95,151,232,877	-
103	Cash and cash equivalents at end of year		641,001,776,578	105,406,769,560
103.1	Cash		641,001,776,578	10,255,536,683
103.2	Cash equivalents	4.1	-	95,151,232,877

Significant non-cash transactions were presented in Note 6.1.

The notes on pages 15 to 68 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

(Indirect method)

(continued)

CASH FLOWS OF BROKERAGE AND ENTRUSTMENT ACTIVITIES

Form B 03b – CTCK

FOR THE YEAR ENDED				
Code	ITEMS		31/12/2019 VND	31/12/2018 VND
	Cash flows of brokerage and entrustment activities			
01	Brokerage trading proceeds		36,580,146,314,794	15,983,172,714,441
02	Brokerage trading payments		(43,936,235,963,185)	
07	Receipts for settlement of customers' transactions		11,702,678,109,121	6,376,948,673,875
07.1	Net deposit in customers' margin accounts at VSD for derivative trading		39,634,082,327	-
08	Payments for customers' securities transactions		(4,398,885,197,452)	(647,996,265,681)
20	Net decrease in customers' deposits		(12,662,654,395)	(68,703,187,290)

30	Customers' deposits at beginning of year	292,095,528,768	360,798,716,058
31	Cash at bank	292,095,528,768	360,798,716,058
32	Customers' deposits for securities trading under monitoring of the Company	290,377,896,888	359,434,962,771
34	Cash blocked for clearing and settlement	1,717,631,880	1,363,753,287
40	Customers' deposits at end of year	279,432,874,373	292,095,528,768
41	Cash at bank	279,432,874,373	292,095,528,768
42	Customers' deposits for securities trading under monitoring of the Company	220,515,650,362	290,377,896,888
44	Cash blocked for clearing and settlement	58,917,224,011	1,717,631,880

Nguyen Thanh Huyen
Chief Accountant/Preparer

Nguyen Duc Hoan
General Director/
Legal representative
30 March 2020

The notes on pages 15 to 68 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Form B 04 – CTCK

ITEMS	AS AT		FOR THE YEAR ENDED 31/12/2018		FOR THE YEAR ENDED 31/12/2019		AS AT	
	1/1/2018	1/1/2019	Increase	Decrease	Increase	Decrease	31/12/2018	31/12/2019
1. Owners' capital	300,000,000,000	1,107,078,600,000	807,078,600,000	-	567,942,300,000	-	1,107,078,600,000	1,675,020,900,000
1.1 Ordinary shares	300,000,000,000	1,107,078,600,000	807,078,600,000	-	567,942,300,000	-	1,107,078,600,000	1,675,020,900,000
3. Supplementary capital reserve	829,800,870	2,937,033,810	2,107,232,940	-	1,751,551,765	-	2,937,033,810	4,688,585,575
4. Financial risk and operation reserve	17,906,831,534	17,807,454,336	1,003,927,871	(1,103,305,069)	1,751,551,765	-	17,807,454,336	19,559,006,101
8. Undistributed earnings (as previously reported)	184,801,913,988	217,222,736,818	36,151,779,920	(3,730,957,090)	104,282,471,650	(3,995,748,502)	217,222,736,818	305,962,322,089
Adjustment (Note 3)	(7,315,489,773)	(11,547,137,877)	(4,231,648,104)	-	-	-	(11,547,137,877)	-
8. Undistributed earnings (as restated)	177,486,424,215	205,675,598,941	31,920,131,816	(3,730,957,090)	104,282,471,650	(3,995,748,502)	205,675,598,941	305,962,322,089
8.1 Realised profits (as previously reported)	184,344,824,330	217,886,391,786	36,151,779,920	(2,610,212,464)	104,282,471,650	(4,554,034,589)	217,886,391,786	306,067,690,970
Adjustment (Note 3)	(7,315,489,773)	(11,547,137,877)	(4,231,648,104)	-	-	-	(11,547,137,877)	-
8.1 Realised profits (as restated)	177,029,334,557	206,339,253,909	31,920,131,816	(2,610,212,464)	104,282,471,650	(4,554,034,589)	206,339,253,909	306,067,690,970
8.2 Unrealised profits/(losses)	457,089,658	(663,654,968)	-	(1,120,744,626)	-	558,286,087	(663,654,968)	(105,368,881)
Total	496,223,056,619	1,333,498,687,087	842,109,892,627	(4,834,262,159)	675,727,875,180	(3,995,748,502)	1,333,498,687,087	2,005,230,813,765

Nguyen Thanh Huyen
Chief Accountant/Preparer

Nguyen Duc Hoan
General Director/
Legal representative
30 March 2020

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

1 GENERAL INFORMATION

Establishment and Operation Licence

KB Vietnam Securities Joint Stock Company (“the Company”) is a joint stock company established in Vietnam in accordance with the Establishment and Operation Licence No. 77/UBCK-GPHĐKD which was issued by the State Securities Commission on 11 June 2008. The Establishment and Operation Licence was amended several times and the latest amendment No. 10/GPĐC-UBCK was issued on 21 February 2019.

Head office and branches

The Company’s head office is located at G, 2nd and 7th floor, Sky City Tower Lang Ha, 88 Lang Ha, Dong Da District, Hanoi, Vietnam. As at the date of these financial statements, the Company has three (3) branches:

Ho Chi Minh Branch – KB Securities Vietnam Joint Stock Company was established in accordance with the Decision No. 401/QĐ-UBCK which was issued by the State Securities Commission on 2 July 2013. The branch is located at 2nd floor, TNR Tower Nguyen Cong Tru, 180-192 Nguyen Cong Tru, District 1, Ho Chi Minh City, Vietnam.

Hanoi Branch - KB Securities Vietnam Joint Stock Company was established in accordance with the Decision No. 379/QĐ-UBCK which was issued by the State Securities Commission on 7 August 2015. The branch is located at 1st floor, Office Building, 5 Dien Bien Phu, Ba Dinh District, Hanoi, Vietnam.

Saigon Branch - KB Securities Vietnam Joint Stock Company was established in accordance with the Decision No. 08/QĐ-UBCK which was issued by the State Securities Commission on 4 January 2019. The branch is located at 1st floor, Saigon Trade Center, 37 Ton Duc Thang, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam.

Charter

The Company’s latest charter was approved by the Board of Directors and was effective from 11 April 2019.

Principal activities

The principal activities of the Company are to provide securities brokerage service, proprietary trading activities, securities investment consultancy service, financial consultancy service, underwriting, securities custody service and other services allowed under securities law.

On 25 April 2019, the Company received the Certificate No. 32/GCN-UBCK certifying the Company to be eligible to provide clearing and settlement services for derivative transactions.

Charter capital

The Company's charter capital as at 31 December 2018 was VND 1,107,078,000,000 pursuant to the Establishment and Operation Licence No. 102/GPĐC-UBCK which was issued on 14 December 2018. Subsequently, the Company's charter capital was increased to VND 1,675,020,900,000 pursuant to the amended Establishment and Operation Licence No. 10/GPĐC-UBCK issued on 21 February 2019.

Investment restrictions

The Company's investment portfolio and its investment restrictions shall be in compliance with the investment objectives and strategies as stipulated in its charter and applicable securities rules.

Other information

The normal business cycle of the Company is 12 months.

As at 31 December 2019, the Company had 243 employees (as at 31 December 2018: 195 employees).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System, Circular 210/2014/TT-BTC dated 30 December 2014 ("Circular 210/2014/TT-BTC"), Circular 334/2016/TT-BTC dated 27 December 2016 ("Circular 334/2016/TT-BTC"), Official Letter No. 6190/BTC-CĐKT dated 12 May 2017 ("Official Letter 6190/BTC-CĐKT") and Circular 23/2018/TT-BTC dated 12 March 2018 ("Circular 23/2018/TT-BTC") all issued by the Ministry of Finance, and prevailing regulations on the preparation and presentation of financial statements applicable to securities companies operating in Vietnam. The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss ("FVTPL") and available-for-sale ("AFS") financial assets based on market value or fair value (in case market value is indeterminable).

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

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

2.2 Accounting estimates

The preparation of financial statements in conformity with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and prevailing regulations on the preparation

and presentation of financial statements applicable to securities companies operating in Vietnam requires the Board of Management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the financial year.

The areas involving significant estimates and assumptions are as follows:

- Market value/fair value of financial assets (Note 2.7 and Note 4.2);
- Provisions for impairment loss of financial assets (Note 2.7 and Note 4.3); and
- Estimated useful lives of fixed assets (Note 2.10 and Note 4.6).

2.2 Accounting estimates (continued)

Such estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that Board of Management believed to be reasonable under the circumstances.

2.3 Form of records applied

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

2.4 Fiscal year

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

2.5 Currency

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

The Company determine its accounting currency based on the currency which is mainly used in rendering of services, which have a significant impact on selling prices of services, which is normally used to list selling prices and receive payments; which is mainly used in purchases of goods or services, which have a significant impact on costs of labor, materials and other production or operating costs and normally used as payments for those costs.

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

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

Monetary assets and liabilities denominated in foreign currencies at the reporting date are respectively translated at the buying and selling exchange rates at the reporting date of the commercial bank where the Company regularly trades. Foreign currencies deposited in bank at the reporting date are translated at the buying exchange rate of the commercial bank where the Company opens its foreign currency accounts. Foreign exchange differences arising from these translations are recognised as income or expenses in profit or loss of the statement of comprehensive income.

2.6 Cash and cash equivalents

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

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

2.7 Financial assets

(a) Classification and measurement

(i) Financial assets carried at fair value through profit or loss ("FVTPL")

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

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

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

At initial recognition, the Board of Management designates a FVTPL financial asset if such designation promotes the fairness of its presentation due to one of the following reasons:

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

FVTPL financial assets are initially recorded at cost exclusive of transaction costs. Transaction costs related to purchases of FVTPL financial assets are expensed off immediately.

FVTPL financial assets are subsequently measured at market value or fair value (in case market value is indeterminable). Those equities, including derivatives to be settled in equities, that not traded on active market or those whose fair value is not reliably determined are accounted at cost. All gains or losses from change in fair value of FVTPL financial assets are recognised in the statement of comprehensive income.

2.7 Financial assets (continued)

(a) Classification and measurement (continued)

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

Held-to-maturity financial assets are non-derivative financial assets with the following characteristics:

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

The following assets are excluded from HTM financial assets:

- Non-derivatives financial assets classified as financial assets at fair value through profit or loss ("FVTPL") at initial recognition;
- Non-derivatives financial assets classified as available-for-sales ("AFS") financial assets; and
- Non-derivatives financial assets meeting conditions to be classified as loans and receivables.

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

(a) Classification and measurement (continued)

(ii) Held-to-maturity ("HTM") financial assets (continued)

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

- Significant financial difficulty of the issuer or the obligor;
- A breach of contract, such as default or delinquency in interest or principal payments;

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

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

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

(iii) Loans

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

(a) Classification and measurement (continued)

(iii) Loans (continued)

- Trading advances: the amounts advanced to customers at the trading date. These amounts are repaid within two (2) trading days.

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

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

As at reporting date, loans are provided for impairment loss when there is any objective

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

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

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

Available-for-sale financial assets are initially recorded at cost inclusive of directly attributable purchase cost. At the reporting date, AFS financial assets are measured at fair value. Those equities not traded on active market or those whose fair value is not reliably determined are accounted at cost.

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

At derecognition, accumulated gains or losses in equity are recognised in profit or loss of the statement of comprehensive income as a reclassification. Gains using effective interest method is recognised in profit or loss of the statement of comprehensive income in accordance with accounting standard on revenue recognition.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

(a) Classification and measurement (continued)

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

Objective evidence of impairment for equity instruments may include:

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

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

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

the statement of comprehensive income despite that asset is yet derecognised.

(b) Reclassification

(i) Reclassification of non-FVTPL financial assets upon disposal

Non-FVTPL financial assets are reclassified to FVTPL financial assets before disposal.

Accumulated revaluation of AFS financial assets in equity will be recorded on the statement of comprehensive income as a reclassification.

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

(c) Recognition/derecognition

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

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

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

(d) Initial recognition

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

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

(e) Determination of market value/fair value

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

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

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

- (ii) *Unlisted securities registered/not registered for trading at the Vietnam Securities Depository ("VSD")*

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

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

- (iii) *Bonds listed on stock exchanges*

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

- (iv) *Unlisted bonds*

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

- (v) *Certificates of open-ended funds/ exchanged traded funds*

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

- (vi) *Delisted shares/ shares suspended from trading from sixed day or thereafter*

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

- (vii) *Term deposits*

Value of term deposits is determined by principals amount and accrued interest income to the date of financial statements.

(viii) *Certificates of deposits* *Certificates of deposits*

Value of certificates of deposit is determined by principals amount and accrued interest income to the date of financial statements.

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

(f) Recognition of gains/(losses)

Purchase transaction costs

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

Selling transaction costs

Selling transaction costs are expensed off to the statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

(f) Recognition of gains/(losses) (continued)

Gain/(loss) on disposals

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

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

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

2.8 Receivables

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

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

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

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

2.9 Repurchase and reverse repurchase agreements

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Fixed assets

Tangible and intangible fixed assets

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

Depreciation and amortisation

Fixed assets are depreciated/amortised using the straight-line method to write off the cost of the assets over their estimated useful lives. The principal annual rates of each asset class are as follows:

Office equipment	20% - 33%
Computer software	25% - 33%

Disposals

Gains or losses on disposals are determined by comparing net disposal proceeds with the carrying amount and are recognised as income or expense in the statement of comprehensive income.

Construction in progress

Construction in progress represents the cost of assets in the course of construction for production, rental or administrative purposes, or for any other purposes, including all necessary costs for construction, reconstruction, expansion or reengineering. Depreciation of these assets, on the same basis as other fixed assets, commences when they are ready for their intended use.

2.11 Leased assets

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

2.12 Prepaid expenses

Prepaid expenses include prepayments for goods and services, tools and equipment not qualified to be accounted as fixed assets under current regulations. Prepaid expenses include short-term and long-term prepaid expenses on the statement of financial position. Prepaid expenses are recorded at historical cost and allocated using the straight-line method over estimated useful lives.

The prepaid expenses included mainly office renovations, office rentals and office supplies.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Short-term/long-term collaterals, security deposits

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

2.14 Liabilities

(a) Recognition/de-recognition

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

(b) Classification

Classifications of liabilities are based on their nature as follows:

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

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

2.15 Offsetting financial instruments

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

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

2.16 Borrowings

Borrowings include borrowings from banks, financial institutions, finance companies and other entities. Borrowings are stated at cost as at reporting date.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Income tax paid on behalf of investors

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

2.18 Accrued expenses

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

2.19 Provisions

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

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

2.20 Equity

(a) Share capital

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

(b) Financial and operational risk reserve and supplementary capital reserve

According to Circular 146/2014/TT-BTC issued by the Ministry of Finance on 6 October 2014, the securities companies and fund management companies are required to make annual appropriation to the financial and operational risk reserve and supplementary capital reserve at 5% of the post-tax profit for each reserve in each of its profitable years until the accumulated balance of each reserve reaches 10% of the charter capital.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Equity (continued)

(c) Other equity funds

Other equity funds are made in accordance with Resolutions of Annual General Meeting of Shareholders.

(d) Undistributed profits

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

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

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

2.21 Dividend distribution

The Company's dividend declaration is recognised as a liability in the financial statements when the dividend is approved by in the General Meeting of Shareholders.

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

2.22 Assets of and liabilities to customers

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

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

2.23 Revenue and income recognition

(a) Revenue from provision of services to investors

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Revenue and income recognition (continued)

(a) Revenue from provision of services to investors (continued)

Revenue from the provision of services is recognised in the statement of comprehensive income when the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to

be provided. Revenue from the provision of services is only recognised when all four (4) following conditions are satisfied:

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

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

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

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

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

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

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

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

(c) *Income from working capital management*

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

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

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

(e) *Other income*

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Expenses

(a) *Recognition*

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

(b) Classification

Expenses are classified by function as follows:

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

2.25 Financial income

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

2.26 Financial expenses

Financial expenses are expenses incurred in the year for financial activities which mainly include interest expenses and losses from foreign exchange differences.

2.27 Borrowing costs

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

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

2.28 General and administration expenses

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.29 Current and deferred income tax**

Income taxes include all income taxes which are based on taxable profits. Income tax expense comprises current tax expense and deferred income tax expense.

Current income tax is the amount of income taxes payable or recoverable in respect of the current year taxable profit and the current tax rates. Current and deferred income tax should be recognised as an income or an expense and included in profit or loss for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial

statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of occurrence affects neither the accounting nor the taxable profit or loss. Deferred income tax is determined at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.30 Related parties

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

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

2.31 Nil balances

Items or balances required by Circular 334/2016/TT-BTC, Official Letter No. 6190/BTC-CDKT and Circular 23/2018/TT-BTC that are not presented in these financial statements indicate nil balances.

3 RESTATEMENTS

During the year, the Company identified errors relating to the prior years as a result of a financial loss event investigation (Note 11). Accordingly, the comparative figures have been adjusted and restated as follows:

Statement of financial position as at 31 December 2018 (extracted):

AS AT 31/12/2018			
Code	As previously reported	Adjustments	As restated
	VND	VND	VND
300	LIABILITIES		
	894,826,023,596	11,547,137,877	906,373,161,473
310	Current liabilities		
	724,365,611,639	11,547,137,877	735,912,749,516
318	Trading obligations	-	953,207,930
325	Short-term accrued expenses	43,297,669,970	8,566,460,845
329	Other short-term payables	1,650,750,520	2,027,469,102
400	OWNERS' EQUITY	(11,547,137,877)	1,333,498,687,087
410	Owners' equity	(11,547,137,877)	1,333,498,687,087
417	Undistributed earnings	217,222,736,818	(11,547,137,877)
417.1	Realised post-tax profits	217,886,391,786	(11,547,137,877)
440	TOTAL RESOURCES	2,239,871,848,560	- 2,239,871,848,560

Statement of comprehensive income (extracted):

FOR THE YEAR ENDED 31 DECEMBER 2018				
Code		As previously reported VND	Adjustments VND	As restated VND
72	Other expenses	(162,080,920)	(4,231,648,104)	(4,393,729,024)
90	NET ACCOUNTING PROFIT BEFORE TAX	43,885,030,065	(4,231,648,104)	39,653,381,961
91	Realised profit	45,005,774,691	(4,231,648,104)	40,774,126,587
200	NET PROFIT AFTER TAX	35,031,035,294	(4,231,648,104)	30,799,387,190
501	Basic earnings per share (VND/ share)	1,029	(124)	905

3 RESTATEMENTS (CONTINUED)

Statement of cash flows (extracted):

FOR THE YEAR ENDED 31 DECEMBER 2018				
Code		As previously reported VND	Adjustments VND	As restated VND
01	Profit before tax	43,885,030,065	(4,231,648,104)	39,653,381,961
30	Changes in working capital	(1,482,074,675,303)	4,231,648,104	
41	(Decrease)/increase in accrued expenses (excluding interest expenses)	31,527,049,273	4,231,648,104	35,758,697,377

Statement of changes in equity (extracted):

	As previously reported VND	Adjustments VND	As restated VND
Undistributed earnings			
As at 1 January 2018	184,801,913,988	(7,315,489,773)	177,486,424,215
Increase during the year	36,151,779,920	(4,231,648,104)	31,920,131,816
As at 31 December 2018	217,222,736,818	(11,547,137,877)	205,675,598,941
Realised profits			
As at 1 January 2018	184,344,824,330	(7,315,489,773)	177,029,334,557
Increase during the year	36,151,779,920	(4,231,648,104)	31,920,131,816
As at 31 December 2018	217,886,391,786	(11,547,137,877)	206,339,253,909

4 NOTES TO THE STATEMENT OF FINANCIAL POSITION

4.1 Cash and cash equivalents

	AS AT	
	31/12/2019	31/12/2018
	VND	VND
Cash at bank for the business operation	640,787,295,589	10,022,059,497
Bank deposits for clearing and settlement of trading securities	214,480,989	233,477,186
Cash equivalents (*)	-	95,151,232,877
	641,001,776,578	105,406,769,560

(*) Cash equivalents represents deposits at banks with the original maturity of three months or less.

4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

4.2 Financial assets

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

	Ticker symbol	AS AT 31/12/2019		AS AT 31/12/2018	
		Cost	Market value/ Fair value	Cost	Market value/ Fair value
		VND	VND	VND	VND
Listed shares and shares traded on UPCoM					
Saigon Securities Investment JSC.	SSI	200,916	162,450	2,222,767	2,185,300
Bamboo Capital JSC.	BCG	53,397	71,730	280,181,064	262,535,060
F.I.T Group JSC.	FIT	-	-	1,643,242,061	486,837,760
Airports Corporation of Vietnam JSC.	ACV	76,000,000	75,000,000	-	-
Other shares		31,608,221	41,531,887	541,858,581	637,190,300
Unlisted bonds					
Vietnam Technological and Commercial Joint Stock Bank		-	-	349,470,626,500	350,000,000,000
Certificates of deposits					
Joint Stock Commercial Bank for Investment and Development of Vietnam		1,117,617,885,532	1,117,617,885,532	80,000,000,000	80,000,000,000
Military Commercial Joint Stock Bank		100,000,000,000	100,000,000,000	-	-
LienViet Post Joint Stock Commercial Bank		100,000,000,000	100,000,000,000	-	-
		1,317,725,748,066	1,317,734,651,599	431,938,130,973	431,388,748,420

4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

4.2 Financial assets (continued)

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

Movements in the market value of FVTPL financial assets were as follows:

AS AT 31 DECEMBER 2019	REVALUATION DIFFERENCES			MARKET PRICE/
	Cost	Increase	Decrease	Fair value
	VND	VND	VND	VND
Listed shares and shares traded on UPCoM	107,862,534	13,428,806	(4,525,273)	116,766,067
Certificates of deposits	1,317,617,885,532	-	-	1,317,617,885,532
	1,317,725,748,066	13,428,806	(4,525,273)	1,317,734,651,599

AS AT 31 DECEMBER 2018	REVALUATION DIFFERENCES			MARKET PRICE/
	Cost	Increase	Decrease	Fair value
	VND	VND	VND	VND
Listed shares and shares traded on UPCoM	2,467,504,473	147,686,289	(1,226,442,342)	1,388,748,420
Unlisted bonds	349,470,626,500	529,373,500	-	350,000,000,000
Certificates of deposits	80,000,000,000	-	-	80,000,000,000
	431,938,130,973	677,059,789	(1,226,442,342)	431,388,748,420

4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

4.2 Financial assets (continued)

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

	AS AT			
	31/12/2019	31/12/2018		
	VND	VND		
(a) Deposits with term over 3 months to under 1 year				
Asia Commercial Joint Stock Bank	325,000,000,000	110,000,000,000		
Vietnam Thuong Tin Commercial Joint Stock Bank	88,000,000,000	20,000,000,000		
Bank for Investment and Development of Vietnam	80,000,000,000	-		
Vietnam Maritime Commercial Joint Stock Bank	200,000,000,000	90,000,000,000		
Viet A Joint Stock Commercial Bank	-	52,005,479,452		
Vietnam Joint Stock Commercial Bank for Industry and Trade	300,000,000,000	-		
Vietnam Technological and Commercial Joint Stock Bank	2,000,000,000	-		
Military Commercial Joint Stock Bank	2,000,000,000	-		
	997,000,000,000			
(b) Deposits with term over 1 year				
Bank for Investment and Development of Vietnam	-	80,000,000,000		
Vietnam Maritime Commercial Joint Stock Bank	90,000,000,000	100,000,000,000		
	90,000,000,000			
(c) Loans				
	AS AT 31/12/2019		AS AT 31/12/2018	
	Original value	Provision	Original value	Provision
	VND	VND	VND	VND
Margin loans (i)	1,893,467,505,554	(550,965,657)	1,052,176,983,477	(14,882,925,413)
Trading advances (ii)	455,493,681,809	-	94,218,573,555	-
	2,348,961,187,363	(550,965,657)	1,146,395,557,032	(14,882,925,413)

4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

4.2 Financial assets (continued)

(c) Loans (continued)

(i) Margin loans

These represent the amounts lent to investors for their purchases of listed securities in accordance with Decision No. 87/QĐ-UBCK issued by the State Securities Commission on 25 January 2017. Securities purchased on margin are held by the Company as collaterals for margin loans. The market value of collateral assets as at 31 December 2019 was VND 5,170,248,868,320 (as at 31 December 2018: VND 2,946,910,884,460).

(ii) Trading advances

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

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

	AS AT 31/12/2019		AS AT 31/12/2018	
	Cost	Market value/ fair value	Cost	Market value/ Fair value
	VND	VND	VND	VND
Shares of Capella Holdings	897,376,000	897,376,000	897,376,000	897,376,000

4.3 Provision for impairments of financial assets and pledged assets

The entire balance of provision for impairments of financial assets and mortgages is provision for impairments of margin loans.

Movements in provision for impairments of financial assets and mortgages during the year were as follows:

	YEAR ENDED	
	31/12/2019	31/12/2018
	VND	VND
Beginning of year	14,882,925,413	15,025,131,108
Written off	(14,882,925,413)	(142,205,695)
Increase	550,965,657	-
End of year	550,965,657	14,882,925,413

4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

4.4 Short-term receivables

	AS AT 31/12/2019		AS AT 31/12/2018	
	Book value VND	Doubtful amount VND	Book value VND	Doubtful amount VND
(a) Receivables				
Receivable from disposals of financial assets	1,838,224,700	-	-	-
Accrued interest receivables from certificates of deposits	45,809,155,567	-	-	-
Accrued interest receivables from term deposits	26,870,172,603	-	5,469,360,143	-
Accrued interest receivables from bonds	-	-	1,141,095,890	-
Accrued interest receivables from margin loans	14,507,040,495	-	8,668,430,060	-
Accrued interest receivables from trading advances	-	-	112,776,055	-
	89,024,593,365	-	15,391,662,148	-
(b) Prepayments to suppliers				
Financial Software Solutions JSC.	912,500,000	-	2,250,000,000	-
TechX Software JSC.	2,044,575,000	-	-	-
Sao Bac Dau Technologies Corporation	761,050,400	-	-	-
Other suppliers	285,533,000	-	1,929,693,195	-
	4,003,658,400	-	4,179,693,195	-
(c) Service-related receivables				
Receivable from securities underwriting and issuance agency services	475,000,000	-	48,877,300,000	-
Financial consultancy service fees receivable	290,995,673	-	1,025,000,000	-
Receivables from other activities	208,000,001	-	505,500,000	-
	973,995,674	-	50,407,800,000	-
(d) Other receivables				
Receivable from securities purchasing	607,921,248	-	120,113,693	-

Depository fees receivable	1,152,215,349	-	734,285,981	-
Receivable from related parties (Note 8(b))	1,017,433,039	-		
Others	1,716,416,701	-	832,156,843	(38,164,611)
	4,493,986,337	-	1,686,556,517	(38,164,611)

4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

4.5 Prepaid expenses

	AS AT	
	31/12/2019 VND	31/12/2018 VND
(a) Short-term prepaid expenses		
Maintenance fees for trading software	737,353,333	741,684,583
Office rental fees	929,603,398	1,620,912,838
Information technology expenses for operating trading systems	1,283,658,853	1,590,857,424
Others	327,216,375	74,757,507
	3,277,831,959	4,028,212,352
(b) Long-term prepaid expenses		
Office renovation expenses	6,382,535,626	4,766,964,666
Office supplies	4,139,876,988	3,324,518,670
Information technology expenses for operating trading systems	2,528,114,896	-
Others	14,223,770	14,685,621
	13,064,751,280	8,106,168,957

4.6 Fixed assets

Tangible fixed assets

	OFFICE EQUIPMENT
	VND
Historical cost	
As at 1 January 2019	20,371,068,055
New purchases	3,403,592,800
Transfers from construction in progress (Note 4.6(c))	5,301,296,000

As at 31 December 2019	29,075,956,855
Accumulated depreciation	
As at 1 January 2019	(10,251,646,483)
Charge for the year	(4,783,563,803)
As at 31 December 2019	(15,035,210,286)
Net book value	
As at 1 January 2019	10,119,421,572
As at 31 December 2019	14,040,746,569

4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

4.6 Fixed assets (continued)

(a) Tangible fixed assets (continued)

Historical cost of fully depreciated tangible fixed assets as at 31 December 2019 was VND 3,944,342,555 (as at 31 December 2018: VND 3,944,342,555).

(b) Intangible fixed assets

	COMPUTER SOFTWARE
	VND
Historical cost	
As at 1 January 2019	15,743,822,915
New purchases	4,445,660,000
Transfers from construction in progress (Note 4.6(c))	6,241,440,000
As at 31 December 2019	26,430,922,915
Accumulated amortisation	
As at 1 January 2019	(10,495,697,688)
Charge for the year	(1,859,628,440)
As at 31 December 2019	(12,355,326,128)
Net book value	
As at 1 January 2019	5,248,125,227
As at 31 December 2019	14,075,596,787

Historical cost of fully amortised intangible fixed assets as at 31 December 2019 was VND 8,553,383,415 (as at 31 December 2018: VND 8,553,383,415).

(c) Construction in progress

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

	YEAR END	
	31/12/2019	31/12/2018
	VND	VND
Beginning of year	5,492,736,000	-
Increase	6,050,000,000	5,492,736,000
Transfers to tangible fixed assets (Note 4.6(a))	(5,301,296,000)	-
Transfers to intangible fixed assets (Note 4.6(b))	(6,241,440,000)	-
End of year	-	5,492,736,000

4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)**4.7 Deposits in the Settlement Supporting Fund**

According to Decision No. 45/QĐ-VSD dated 22 May 2014 issued by the Vietnam Securities Depository, the Company is required to deposit an initial amount of VND 120,000,000 at the Vietnam Securities Depository and an additional annual contribution equivalent to 0.01% of the total value of brokered securities in the previous year up to the maximum limit of VND 2,500,000,000 per year. The maximum amount of contribution to the Settlement Supporting Fund is VND 20,000,000,000.

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

	AS AT	
	31/12/2019	31/12/2018
	VND	VND
Initial deposits	120,000,000	120,000,000
Additional deposits	11,462,863,250	9,502,394,532
Interest allocated	1,691,536,998	1,152,005,716
	13,274,400,248	10,774,400,248

4.8 Other non-current assets

	AS AT	
	31/12/2019	31/12/2018
	VND	VND
Deposit in the Derivatives Trading Clearing Fund (*)	10,000,000,000	-

(*) This is a deposits in the Derivatives Trading Clearing Fund. According to the Policy on Management and Use of Derivatives Trading Clearing Fund issued in conjunction with Decision No. 97/QĐ-VSD dated 23 March 2017 by the Vietnam Securities Depository, the minimum amount of initial contribution applicable to direct clearing members is VND 10 billion.

4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

4.9 Borrowings

(a) Short-term borrowings

	As at 1/1/2019	Drawn down during the year	Repayment during the year	Current portion of long-term borrowings	As at 31/12/2019
	VND	VND	VND	VND	VND
Short-term borrowings from banks					
Vietnam Maritime Commercial Joint Stock Bank (i)	177,899,382,950	3,707,742,194,595	(3,060,141,577,545)	-	825,500,000,000
Kookmin Bank – Ho Chi Minh branch (Note 8(b))	78,400,000,000	-	(78,400,000,000)	-	-
Kookmin Bank – Hong Kong branch (Note 8(b))	228,732,000,000	-	(228,732,000,000)	-	-
Joint Stock Commercial Bank for Investment and Development of Vietnam – Ha Thanh branch (ii)	49,900,000,000	483,900,000,000	(249,800,000,000)	-	284,000,000,000
Viet A Joint Stock Commercial Bank	49,500,000,000	198,000,000,000	(247,500,000,000)	-	-
Joint Stock Commercial Bank for Foreign Trade of Vietnam (iii)	81,000,000,000	5,378,936,986,164	(4,783,936,986,164)	-	676,000,000,000
KEB Hana Bank	-	58,000,000,000	(58,000,000,000)	-	-
Vietnam International Commercial Joint Stock Bank (iv)	-	835,000,000,000	(735,000,000,000)	-	100,000,000,000
Vietnam Prosperity Joint Stock Commercial Bank	-	813,400,000,000	(813,400,000,000)	-	-
Kookmin Bank – Tokyo branch (v)	-	927,940,000,000	-	-	927,940,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade (vi)	-	300,000,000,000	-	-	300,000,000,000
Current portion of long-term borrowings					
Kookmin Bank – Hong Kong branch (vi) (Note 4.9(b) and 8(b))	-	-	-	170,325,000,000	170,325,000,000
	665,431,382,950	12,702,919,180,759	(10,254,910,563,709)	170,325,000,000	3,283,765,000,000

4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

4.9 Borrowings (continued)

(a) Short-term borrowings (continued)

- (i) The year-end balance consists of the facilities at Vietnam Maritime Commercial Joint Stock Bank, in details:
- The overdraft balances under the Frame contract on providing overdraft facility and its appendices with the overdraft limit of VND 125.5 billion. These overdrafts are subject to the interest rate of 8.5% per annum. The overdrafts are secured by the term deposits held at Vietnam Maritime Commercial Joint Stock Bank;
 - The secured loan under the credit facility agreement no. 03/2019/HDCV dated 23 December 2019 with Vietnam Maritime Commercial Joint Stock Bank with total credit limit of VND 300 billion. The loan is secured by the term deposits held at Vietnam Maritime Commercial Joint Stock Bank, the total balance of term deposits must not be less than 50% of the total outstanding loan under the contract; and
 - The unsecured loan under the credit facility agreement no. 02/KBSV/2019/HĐCVHM dated 3 July 2019 with Vietnam Maritime Commercial Joint Stock Bank with total credit limit of VND 400 billion. The unsecured loans are subject to the interest rate of 8.5% per annum with terms of 12 month.

The purpose of these facilities are to supplement working capital for the margin lending and certificates of deposits trading activities of the Company.

- (ii) This represents the overdraft under the overdraft facility agreements signed with Joint Stock Commercial Bank for Investment and Development of Vietnam – Ha Thanh Branch for the overdraft limit of VND 565 billion for a period of 1 year. These overdrafts are subject to interest rate from 7.3% to 7.6% per annum, which is subject to be adjusted by the bank.

The purpose of the facility is to supplement working capital. The overdraft facilities are secured by term deposits at Joint Stock Commercial Bank for Investment and Development of Vietnam – Ha Thanh Branch with the total amount of VND 580 billion.

- (iii) This represents the loan under the Loan facilities agreement No. 19/8261970/TAH/HĐCVHM/KBS/01 signed between the Company and Joint Stock Commercial Bank for Foreign Trade of Vietnam – Tay Ho Branch with the credit limit of VND 800 billion. The loans are subject to the prevailing interest rate on the date of each draw-down. The loans are secured by certificates of deposits and term deposits held at various banks with the total amount of VND 925 billion. The loans' purpose is to supplement working capital to the Company for trading shares, listed bonds and certificates of deposits and other activities of the Company.
- (iv) This represents the unsecured loan under the credit agreement No. 5882206-19/HĐTD/VIB-KBSV signed with Vietnam International Commercial Joint Stock Bank with the credit limit of VND 400 billion. The loan's term is 1 year from the first draw-down date with the interest rate is determined by each draw-down. The loan's purpose is to supplement working capital to the Company for business operation.

4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

4.9 Borrowings (continued)

(a) Short-term borrowings (continued)

- (v) This represents the guaranteed short-term loan of USD 40 million under the loan agreement signed with Kookmin Bank – Tokyo branch. The loan's interest rate is 3-month LIBOR plus

1.05%. Principal of the loan is due on 10 September 2020. Loan interest is paid every 3 months. The loan is guaranteed by KB Securities Company Limited in South Korea (Parent Company) under an agreement dated 4 September 2019.

On 10 September 2019, the Company signed the Currency Swap Agreement with Joint Stock Commercial Bank for Foreign Trade of Vietnam, Vietnam Technological and Commercial Joint Stock Bank and Vietnam Maritime Commercial Joint Stock Bank to swap the USD amount received from the above short-term loan facility agreement with Kookmin Bank – Tokyo Branch for Vietnamese Dong. The swap transaction was conducted on 10 September 2019 and will be matured on 9 September 2020 with the swap rate of 23,200 VND/USD and interest rate of 2.1% per annum. In accordance with the currency swap, the Company is not allowed to early settle the transaction within the first 12 month.

- (vi) This represents the overdraft under the overdraft facility agreements signed with Vietnam Joint Stock Commercial Bank for Industry and Trade with the overdraft limit of VND 500 billion for a period of 1 year. These overdrafts are subject to the interest rates of 7.4% per annum.

The purpose of the facility is to supplement working capital. The overdraft facilities are secured by term deposits at Vietnam Joint Stock Commercial Bank for Industry and Trade with the total amount of VND 300 billion.

- (vii) This represents the secured medium term loan under the credit facility agreement of USD 7.5 million with Kookmin Bank – Hongkong Branch. The loan's maturity is on 29 April 2020. The loan's interest rate is 3-month LIBOR plus marginal interest rate determined for each interest period (3-month). The interest is paid every 3 months. The loan is guaranteed by KB Securities Company Limited in South Korea under an agreement dated 1 March 2018 for a period of 1 year.

On 6 June 2018, the Company signed the Currency Swap Agreement No. 06062018/XNGD-TTC/KBSV with Vietnam Maritime Commercial Joint Stock Bank to swap the USD amount received from the above unsecured medium term loan facility agreement with Kookmin Bank – Hong Kong branch for VND. The swap transaction was conducted on 6 June 2018 and will be matured on 29 April 2020 with the swap rate of 22,830 VND/USD and interest rate of 2.3% per annum. In accordance with the currency swap, the Company is not allowed to early settle the transaction within the first 12 months.

(a) Long-term borrowings

	As at 1/1/2019	Current portion of long-term borrowings	As at 31/12/2019
	VND	VND	VND
Kookmin Bank – Hong Kong branch (Note 4.9(a) and 8(b))	170,325,000,000	(170,325,000,000)	-

4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

4.10 Trading obligations

	AS AT	
	31/12/2019 VND	31/12/2018 VND
Ho Chi Minh Stock Exchange	2,329,216,356	389,647,564
Hanoi Stock Exchange	319,102,187	378,950,117
Vietnamese Securities Depository	408,957,837	184,610,249
	3,057,276,380	953,207,930

4.11 Short-term trade payables

	AS AT	
	31/12/2019 VND	31/12/2018 VND
Thien Linh Trading Company Limited	697,376,900	-
Sao Bac Dau Technologies Corporation	-	3,295,641,600
Other suppliers	480,127,799	52,289,800
	1,177,504,699	3,347,931,400

4.12 Tax and other payables to the State

Movements in tax and other payables to the State during the year were as follows:

	As at 1/1/2019 VND	Payable during the year VND	Payment during the year VND	As at 31/12/2019 VND
Business income tax – current	2,006,704,134	40,518,617,823	(23,744,513,382)	18,780,808,575
Personal income tax withheld and paid on behalf of investors	927,250,469	21,971,685,856	(19,829,223,846)	3,069,712,479
Personal income tax withheld and paid on behalf of employees	94,294,798	8,706,435,223	(7,701,818,798)	1,098,911,223
Value added tax	102,940,911	533,487,545	(481,795,884)	154,632,572
Foreign contractor withholding tax	-	695,441,351	(691,001,242)	4,440,109

4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

4.13 Short-term accrued expenses

	AS AT	
	31/12/2019	31/12/2018
	VND	(As restated – Note 3) VND
Accrued interest expenses	19,299,006,970	5,017,364,541
Accrued brokerage fee payables	-	46,317,200,000
Others	256,300,000	529,566,274
	19,555,306,970	51,864,130,815

4.14 Other short-term payables

	AS AT	
	31/12/2019	31/12/2018
	VND	(As restated – Note 3) VND
Dividends payable on behalf of Vietnam Maritime Commercial Joint Stock Bank (*)	2,309,361,985	2,495,637,130
Payable to investors	481,150,686	535,196,318
Payable relating to commitment to repurchase of Certificates of Deposits (**)	205,090,348,677	-
Taxes payable to MSB from transferring of MSB shares	2,365,399,505	444,775,008
Other payables	2,717,352,339	202,611,166
	212,963,613,192	3,678,219,622

(*) The balance represents the dividend which has not yet been paid to the shareholders of Vietnam Maritime Commercial Joint Stock Bank in accordance with the Contract No. 01/2011/MSBS-MSB dated 5 May 2011 in which the Company was engaged to pay dividends on behalf of Vietnam Maritime Commercial Joint Stock Bank.

(**) The balance represents the amount received from sales of Certificates of Deposit in which the Company also signed contracts to repurchase in future. Therefore, the received amount is presented as an other payable.

4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

4.15 Deferred income tax

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

	AS AT	
	31/12/2019	31/12/2018
	VND	VND
Deferred tax liabilities payable within 12 months	3,197,679	135,411,957

The gross movement in the deferred income tax, taking into consideration the offsetting of balances within the same tax jurisdiction, during the year is as follows:

	YEAR ENDED	
	31/12/2019 VND	31/12/2018 VND
Opening balance	135,411,957	124,881,630
(Credited)/charged to the statement of comprehensive income (Note 5.9)	(132,214,278)	10,530,327
Closing balance	3,197,679	135,411,957

4.16 Share capital

(a) Number of shares

	AS AT	
	31/12/2019	31/12/2018
Number of shares registered	167,502,090	110,707,860
Number of shares issued	167,502,090	110,707,860
Number of existing shares in issue	167,502,090	110,707,860

Each ordinary share has a par value of VND 10,000.

4 NOTES TO THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

4.16 Share capital (continued)

(B) Details of owners' shareholding

	AS AT 31/12/2019		AS AT 31/12/2018	
	Ordinary shares	%	Ordinary shares	%
KB Securities Co., Ltd.	166,997,040	99.70	110,337,330	99.67
Other shareholders	505,050	0.30	370,530	0.33
Total shares issued	167,502,090	100.00	110,707,860	100.00

(c) Movement of share capital

ORDINARY SHARES	
As at 1 January 2018	30,000,000
New shares issued	80,707,860
As at 31 December 2018	110,707,860
New shares issued	56,794,230
As at 31 December 2019	167,502,090

On 21 February 2019, the Company received the amended Establishment and Operation Licence No. 10/GPĐC-UBCK issued by State Securities Committee to approve the capital contribution from existing shareholders and the Company's charter capital was increased to VND 1,675,020,900,000.

4.17 Undistributed earnings

	AS AT	
	31/12/2019	31/12/2018
	VND	(Restated – Note 3)
		VND
Undistributed earnings brought forward	205,675,598,941	177,486,424,215
Realised profit incurred in the year	104,282,471,650	31,920,131,816
Unrealised profits/(losses) incurred in the year	558,286,087	(1,120,744,626)
Appropriations from undistributed earnings:		
- To financial and operational risk reserves	(1,751,551,765)	(1,003,927,871)
- To supplementary capital reserves	(1,751,551,765)	(1,003,927,871)
- To bonus and welfare funds	(1,050,931,059)	(602,356,722)
Net amount distributable to shareholders	305,962,322,089	205,675,598,941

5 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME**5.1 Net realised gains on disposals of FVTPL financial assets**

	YEAR ENDED	
	31/12/2019	31/12/2018
	VND	VND
Realised gains on disposals of FVTPL financial assets	68,661,556,782	3,180,676,610
In which:		
- Listed shares and shares traded on UPCoM	5,172,936,709	1,810,626,422
- Unlisted bonds	1,792,897,245	212,499,900
- Certificates of deposits	61,695,722,828	1,157,550,288
Realised losses on disposals of FVTPL financial assets	(5,430,782,388)	(1,003,802)
In which:		
- Listed shares and shares traded on UPCoM	(4,648,011,177)	(1,003,802)
- Certificates of deposits	(782,771,211)	-
Net realised gains	63,230,774,394	3,179,672,808

5 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

5.1 Net realised gains on disposals of FVTPL financial assets (continued)

Details of net realised gains on disposals of FVTPL financial assets by category are as follows:

(a) Gain from disposals of FVTPL financial assets

	Quantity disposed	Sales proceeds	Costs of disposals (*)	Realised gains in the year	Realised gains in the prior year
		VND	VND	VND	VND
FVTPL financial assets					
Listed shares and shares traded on UPCoM	254,776	7,592,419,609	2,419,482,900	5,172,936,709	1,810,626,422
Unlisted bonds	501,501	2,062,168,119,635	2,060,375,222,390	1,792,897,245	212,499,900
Certificates of deposits	2,266,290	12,367,697,901,836	12,306,002,179,008	61,695,722,828	1,157,550,288
	3,022,567	14,437,458,441,080	14,368,796,884,298	68,661,556,782	3,180,676,610

(b) Losses from disposals of FVTPL financial assets

	Quantity disposed	Sales proceeds	Costs of disposals (*)	Realised losses in the year	Realised losses in the prior year
		VND	VND	VND	VND
FVTPL financial assets					
Listed shares and shares traded on UPCoM	13,902	159,427,600	4,807,438,777	(4,648,011,177)	(1,003,802)
Certificates of deposits	144	841,507,426,123	842,290,197,334	(782,771,211)	-
	14,046	841,666,853,723	847,097,636,111	(5,430,782,388)	(1,003,802)

(*) Costs of shares are determined using the weighted average method up to the end of trading dates, while costs of bonds and Certificates of deposits are determined using the specific identification method.

5 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

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

	YEAR ENDED	
	31/12/2019 VND	31/12/2018 VND
(Decrease)/increase in revaluation gains of FVTPL financial assets	(661,071,388)	52,651,641
Decrease/(increase) in revaluation losses of FVTPL financial assets	1,219,357,475	(1,173,396,267)
	558,286,087	(1,120,744,626)

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

	Cost	Market value/ fair value	Accumulated revaluation (losses)/ gains as at 31/12/2019	Accumulated revaluation gains/ (losses) as at 31/12/2018	Charged to the statement of comprehensive income
	VND	VND	VND	VND	VND
Listed shares and shares traded on UPCoM	107,862,534	116,766,067	8,903,533	(1,078,756,054)	1,087,659,587
Unlisted bonds	-	-	-	529,373,500	(529,373,500)
Certificates of deposits	1,317,617,885,532	1,317,617,885,532	-	-	-
	1,317,725,748,066	1,317,734,651,599	8,903,533	(549,382,554)	558,286,087

5 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)**5.3 Interest income from loans and receivables**

	YEAR ENDED	
	31/12/2019	31/12/2018
	VND	VND
Interest income from margin loans	175,259,187,781	66,933,635,992
Interest income from trading advances	25,809,900,380	11,594,335,283
	201,069,088,161	78,527,971,275

5.4 Revenue from securities underwriting and issuance agency services

	YEAR ENDED	
	31/12/2019	31/12/2018
	VND	VND
Revenue from securities underwriting services	-	600,000,000
Revenue from issuance agency services	13,302,636,364	111,987,200,000
	13,302,636,364	112,587,200,000

5.5 Expenses for brokerage services

	YEAR ENDED	
	31/12/2019	31/12/2018
	VND	VND
Staff costs	64,359,324,357	34,758,844,895
Depreciation and amortisation	6,643,192,243	4,484,382,456
Securities brokerage services expenses	18,291,834,003	9,708,715,250
Office tools and supplies	6,723,606,558	465,558,230
Office rental expenses	10,141,450,061	1,581,227,655
Outside service expenses	12,466,804,815	12,529,711,176
	118,626,212,037	63,528,439,662

5 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)**5.6 Expenses for securities underwriting, issuance agency services and financial consultancy services**

	YEAR ENDED	
	31/12/2019	31/12/2018
	VND	VND
Expenses for securities underwriting and issuance agency services	6,592,950,000	103,440,700,000
Expenses for financial consultancy services	1,445,366,273	1,292,488,889
Staff costs	11,332,463,113	4,978,435,934
Outside service expenses	1,579,829,699	3,052,670,499
	20,950,609,085	112,764,295,322

5.7 General and administration expenses

	YEAR ENDED	
	31/12/2019	31/12/2018
	VND	VND
Staff costs	22,097,827,592	12,528,043,118
Outside service expenses	13,700,270,695	8,306,517,468
Office tools and supplies	162,052,577	131,532,817
Other expenses	1,068,545,787	310,521,739
	37,028,696,651	21,276,615,142

5.8 Other expenses

	YEAR ENDED	
	31/12/2019	31/12/2018
	VND	(As restated – Note 3) VND
Financial loss (Note 11)	3,744,786,612	4,231,648,104
Other expenses	327,746,924	162,080,920
	4,072,533,536	4,393,729,024

5 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)**5.9 Business income tax**

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

	YEAR ENDED	
	31/12/2019	31/12/2018
	VND	(As restated – Note 3) VND
Accounting profit before tax	145,227,161,282	39,653,381,961
Tax calculated at a rate of 20%:	29,045,432,256	7,930,676,392
Effect of:		
Income not subject to tax	(603,972)	(4,163,589)
Expenses not deductible for tax purposes	10,163,054,809	927,481,968
Under-provisions in previous years	1,178,520,452	-
Business income tax charge (*)	40,386,403,545	8,853,994,771

Charged/(credited) to the statement of comprehensive income:

Business income tax – current	40,518,617,823	8,843,464,444
Business income tax – deferred (Note 4.15)	(132,214,278)	10,530,327

40,386,403,545

8,853,994,771

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

5.10 Earnings per share

(a) Basic earnings per share

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

As at the date of approval of these financial statements, the Resolution of Annual General Meeting of Shareholders regarding the appropriations to bonus and welfare funds from post-tax profits of the current year was not yet available. Therefore, the net profit amount used for calculation of basic earnings per shares for the reporting period is not deducted by the amount to be appropriated to bonus and welfare funds. For comparability purpose, the comparative figure was also not adjusted by the amounts appropriated to bonus and welfare funds.

5 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

5.10 Earnings per share (continued)

(a) Basic earnings per share (continued)

	YEAR ENDED	
	31/12/2019 VND	31/12/2018 VND (As restated – Note 3)
Net profit after tax attributable to ordinary shareholders (VND)	104,840,757,737	30,799,387,190
Weighted average number of ordinary shares in issue (shares)	159,410,857	34,035,393
Basic earnings per share (VND/share)	658	905

(b) Diluted earnings per share

The Company did not have potentially dilutive ordinary shares.

6 NOTES TO THE STATEMENT OF CASH FLOWS

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

	YEAR ENDED	
	31/12/2019	31/12/2018
	VND	VND
Appropriation to bonus and welfare funds (Note 7.1)	1,050,931,059	602,356,722

6.2 Proceeds from borrowings

Proceeds from borrowings are bank overdrafts and loan drawdowns (Note 4.9).

6.3 Repayments of borrowings

Repayments of borrowings are bank overdrafts repayments and loan repayments (Note 4.9).

7 NOTES TO THE STATEMENT OF CHANGES IN EQUITY

7.1 Details of changes in equity

	Share capital	Supplementary capital reserve	Financial reserve	Undistributed earnings	Total
	VND	VND	VND	VND	VND
As at 1 January 2018 (as previously reported)	300,000,000,000	829,800,870	17,906,831,534	184,801,913,988	503,538,546,392
Adjustment (Note 3)	-	-	-	(7,315,489,773)	(7,315,489,773)
As at 1 January 2018 (as restated)	300,000,000,000	829,800,870	17,906,831,534	177,486,424,215	496,223,056,619
Share issuance (i)	807,078,600,000	-	-	-	807,078,600,000
Net profit for the year (as restated)	-	-	-	30,799,387,190	30,799,387,190
Reclassification for 2017 reserve appropriation	-	1,103,305,069	(1,103,305,069)	-	-
Appropriate to bonus and welfare funds (ii)	-	-	-	(602,356,722)	(602,356,722)
Appropriate to statutory reserves (Note 2.20(c))	-	1,003,927,871	1,003,927,871	(2,007,855,742)	-
As at 31 December 2018 (as restated)	1,107,078,600,000	2,937,033,810	17,807,454,336	205,675,598,941	1,333,498,687,087
Share issuance (iii)	567,942,300,000	-	-	-	567,942,300,000
Net profit for the year	-	-	-	104,840,757,737	104,840,757,737
Appropriate to bonus and welfare funds (iv)	-	-	-	(1,050,931,059)	(1,050,931,059)
Appropriate to statutory reserves (Note 2.20(c))	-	1,751,551,765	1,751,551,765	(3,503,103,530)	-
As at 31 December 2019	1,675,020,900,000	4,688,585,575	19,559,006,101	305,962,322,089	2,005,230,813,765

7 NOTES TO THE STATEMENT OF CHANGES IN EQUITY (CONTINUED)

7.1 Details of changes in equity (continued)

- (i) According to the Resolution of the Annual General Meeting of Shareholders dated 7 September 2018 and the Resolution of the Board of Directors dated 2 October 2018:
- Issuance of 138,000,000 share with par value VND 10,000/share to existing shareholders at rights purchase ratio of 1:2.7 and 1:1.9 over the two stages;
 - The offering is performed in two stages, following the approval of the State Securities Commission in fourth quarter of 2018 and the first quarter of 2019; and
 - The purpose of the issuance is to finance business expansion, invest in fixed assets, instruments and tools and network development and invest in IT systems.
- On 14 December 2018, the Company received the amended Establishment and Operation Licence No. 102/GPĐC-UBCK issued by the State Securities Committee approving the Company's charter capital to increase to VND 1,107,078,600,000.
- (ii) According to the Resolution of the Annual General Meeting of Shareholders dated 24 March 2018, the Board of Directors approved the amount appropriated to bonus and welfare funds was 3% of post-tax profit of the year 2017;
- (iii) On 21 February 2019, the State Securities Committee issued the amendment to the Company's Establishment and Operation Licence No. 102/GPĐC-UBCK approving the Company's charter capital to increase to VND 1,675,020,900,000.
- (iv) According to the Resolution of the Annual General Meeting of Shareholders dated 11 April 2019, the Board of Directors approved the amount appropriated to bonus and welfare funds was 3% of post-tax profit of the year 2018.

8 RELATED PARTIES DISCLOSURES

Identified related parties and relationships between the Company and its related parties are presented below:

RELATED PARTY	RELATIONSHIP
KB Securities Co., Ltd.	Parent company, holding 99.8% of charter capital
KB Securities Hong Kong Co., Ltd.	Fellow group subsidiary
Kookmin Bank - Hong Kong branch	Fellow group subsidiary
Kookmin Bank - Ho Chi Minh branch	Fellow group subsidiary
Kookmin Bank - Tokyo branch	Fellow group subsidiary
The Board of Directors and the Board of Management	Key management

8 RELATED PARTIES DISCLOSURES (CONTINUED)

(a) Related party transactions

During the year, the significant transactions with related parties are as follows:

	YEAR ENDED	
	31/12/2019	31/12/2018
	VND	VND
KB Securities Co., Ltd.		
Receipt of capital contribution	566,597,100,000	805,164,300,000
Revenue from services rendered	701,747,708	-
Payment on behalf	827,645,816	-
Guarantee fee incurred in the year (*)	1,549,405,821	-
Kookmin Bank – Ho Chi Minh branch		
Receipt of short-term loan principal (Note 4.9(a))	-	78,400,000,000
Interest expenses from borrowings	852,304,657	4,008,495,339
Repayment of interest expenses	(1,198,553,424)	(3,662,246,572)
Repayment of short-term loan (Note 4.9(a))	(78,400,000,000)	-
Kookmin Bank – Hong Kong branch		
Receipt of short-term loan principal (Note 4.9(a))	-	228,732,000,000
Receipt of long-term loan principal (Note 4.9(b))	-	170,325,000,000
Interest expenses from borrowings	8,572,994,234	6,704,829,866
Repayment of interest expenses	(10,755,580,887)	(3,708,400,272)
Repayment of short-term loan principal (Note 4.9(a))	(228,732,000,000)	-
Kookmin Bank – Tokyo branch		
Receipt of short-term loan principal (Note 4.9(a))	927,940,000,000	-
Interest expenses from borrowings	9,128,694,975	-
Repayment of interest expenses	(7,461,212,571)	-
KB Securities Hong Kong Limited		
Guarantee fee during the year (**)	247,721,960	388,524,797
Guarantee fee paid (**)	(636,246,757)	-
Key management		
Gross salaries and other benefits	4,263,017,522	3,466,488,268

8 RELATED PARTIES DISCLOSURES (CONTINUED)

(b) Year-end balances with related parties

	2019	2018
	VND	VND
Kookmin Bank – Ho Chi Minh branch		
Short-term borrowings (Note 4.9(a))	-	78,400,000,000
Accrued interest payable	-	346,248,767

Kookmin Bank – Hong Kong branch		
Short-term borrowings (Note 4.9(a))	170,325,000,000	228,732,000,000
Long-term borrowings (Note 4.9(b))	-	170,325,000,000
Accrued interest payable	813,842,941	2,996,429,594
Kookmin Bank – Hong Kong branch		
Short-term borrowings (Note 4.9(a))	927,940,000,000	-
Accrued interest payable	1,667,482,404	-
KB Securities Co., Ltd.		
Trade accounts receivable	42,018,182	-
Other receivable (Note 4.4(d))	1,017,433,039	-
Accrued guarantee fee payable (*)	1,549,405,821	-
KB Securities Hong Kong Limited		
Accrued guarantee fee payable (**)	-	388,524,797

(*) The guarantee payable relates to the guarantee given by KB Securities Co., Ltd., parent company, for two of the Company's loans (Note 4.9(a)). In accordance with this guarantee providing agreement, the Company receives guarantee limit of USD 8,250,000 and USD 55,500,000 for up to 12 months with a guarantee rate of 0.13% and 0.39% per annum, respectively.

(**) The guarantee payable relates to the guarantee given by KB Securities Hong Kong Limited, a fellow group subsidiary, under an agreement dated 1 October 2018 for a loans of the Company (Note 4.9(a)). In accordance with this guarantee providing agreement, the Company receives guarantee limit of USD 9,800,000 for up to 12 months with a guarantee rate of 0.69% per annum.

9 FINANCIAL RISK MANAGEMENT

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

9 FINANCIAL RISK MANAGEMENT (CONTINUED)

The Board of Management of the Company is responsible for setting the objectives and underlying principles of financial risk management for the Company. The Board of Management establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

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

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

(a) Credit risk

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

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

	AS AT	
	31/12/2019 VND	31/12/2018 VND
Cash at bank (Note 4.1)	641,001,776,578	105,406,769,560
FVTPL financial asset (Note 4.2(a))	1,317,734,651,599	431,388,748,420
HTM investments (Note 4.2(b))	1,087,000,000,000	452,005,479,452
Loans (Note 4.2(c))	2,348,961,187,363	1,146,395,557,032
AFS financial assets (Note 4.2(d))	897,376,000	897,376,000
Receivables (Note 4.4)	94,492,575,376	67,486,018,665
Deposits in the Settlement Supporting Fund (Note 4.7)	13,274,400,248	10,774,400,248
Deposits in the Derivatives Trading Clearing Fund (Note 4.8)	10,000,000,000	-
Pledge, mortgage, margin, collateral	3,192,153,760	2,925,766,034
Total credit risk exposure	5,516,554,120,924	2,217,280,115,411

Balances with banks

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

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

9 FINANCIAL RISK MANAGEMENT (CONTINUED)**(a) Credit risk (continued)**

Balances with banks (continued)

As at 31 December 2019 and as at 31 December 2018, there were balance with banks that exceeds 10% of the Company's equity:

	AS AT	
	31/12/2019 VND	31/12/2018 VND
Joint Stock Commercial Bank for Investment and Development of Vietnam (Notes 4.2(a) and 4.2(b))	1,197,617,885,532	-
Asia Commercial Joint Stock Bank (Note 4.2(b))	325,000,000,000	-

Vietnam Maritime Commercial Joint Stock Bank (Note 4.2(b))	290,000,000,000	190,000,000,000
Vietnam Joint Stock Commercial Bank for Industry and Trade (Note 4.2(b))	300,000,000,000	-
Total	2,112,617,885,532	190,000,000,000

FVTPL financial assets

The Company's listed and unlisted securities will only be traded on the Ho Chi Minh City Stock Exchange and the Hanoi Stock Exchange or with counterparties which have a specified credit rating. All securities transactions are settled or paid for upon receipt/ delivery of securities via approved brokers. The risk of default is considered minimal since the delivery of securities for sale transaction is made only once payment has been received and delivery of funds for purchase transaction is only made once the securities have been received. If either party fails to meet their obligations, the trade will fail.

Debt securities in the Company's portfolio are certificates of deposits, secured bonds issued by low-risk issuers with bond issuance plan approved by the State Securities Commission. Investment appraisals related to debt securities are approved accordance with the Company's investment policies. Debt securities portfolio is continuously monitored by treasury function in compliance with the Company's policies and periodically reported to the Board of Management. Credit risk from debt securities is assessed as low.

Trading advances

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

Vietnam Securities Depository is a state-owned entity and has no history of payment defaults. Vietnam Securities Depository requires its members to deposit into the Settlement Support Fund and the Derivatives Trading Clearing Fund to secure their trading obligations.

9 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Trading advances (continued)

The securities companies may fulfil customers' securities trading orders only when the customers' balances maintain enough (100%) cash or securities and must carry out further steps to ensure payments prior to execution of the trades. Credit risk from trading advances and deposit for derivatives trading activities is assessed as low.

Margin loans

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

Customer Services department is responsible for the continuous review of margin loan report which includes balances, collateral assets and margin maintenance ratio. When the margin maintenance ratio falls below the Company's regulated ratio (this ratio is determined following internal policies and not lower than the regulated ratio of 30%), the system alerts and the Company makes margin calls. When the margin maintenance ratio falls below the Company's regulated ratio, the Company forcibly sells out collateral assets to collect the loans.

The market value of collateral assets as at 31 December 2019 was VND 5,170,248,868,320 (as at 31 December 2018: VND 2,946,910,884,460).

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

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

	AS AT	
	31/12/2019	31/12/2018
	VND	VND
Past due and impaired	550,965,657	14,882,925,413
Neither past due nor impaired	1,892,916,539,897	1,037,294,058,064
Provision made	(550,965,657)	(14,882,925,413)
Net balance	1,892,916,539,897	1,037,294,058,064

9 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Receivables and other assets

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

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

(b) Market risk

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

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

- *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk mainly from its term deposits, loans and borrowings.

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

The Company is exposed to insignificant interest rate risk on its borrowings. As at 31 December 2019, if the floating interest rates had increased/decreased by 1% with all other variables being held constant, the Company's profit before tax for the year would have been lower/higher by VND 795,732,778 as a result of higher/lower interest expense on these borrowings.

- *Market price risk*

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

As at 31 December 2019, if the prices of the securities had increased/decreased by 10% (as at 31 December 2018: 10%) with all other variables being held constant including tax rate, the Company's profit after tax would have been higher/lower by VND 9,341,285 (2018: higher/lower by VND 111,099,874).

9 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) *Market risk (continued)*

- *Currency risk*

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

The Company's business is exposed to foreign currency risk arising primarily from the US Dollar ("USD").

Currency exposure to the USD is as follows:

	AS AT	
	31/12/2019	31/12/2018
	USD	USD
Financial assets		
Cash	329	30,314
Financial liabilities		
Borrowings	(47,500,000)	(17,300,000)

Net financial liabilities	(47,499,671)	(17,269,686)
Net currency exposure	(47,499,671)	(17,269,686)

The currency risk against the Company is assessed to be low as the Company manages the risk by entering into cross currency swap contracts for the Company's foreign currency borrowings.

(c) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in performing financial obligations due to capital shortage. The Company's approach to managing liquidity risk is to ensure that it will always have sufficient reserves of cash to meet its liquidity requirements in the short-term and long-term.

The Company's assets used as collaterals against its obligations are presented in Note 4.9.

9 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) *Liquidity risk (continued)*

The table below presents the Company's financial liabilities at book value:

	Less than one year	Between one and two years
	VND	VND
As at 31 December 2019		
Short-term borrowings (Note 4.9(a))	3,283,765,000,000	-
Short-term trade accounts payable (Note 4.11)	1,177,504,699	-
Short-term accrued expenses (Note 4.13)	19,555,306,970	-
Other short-term payables (Note 4.14)	212,963,613,192	-
Total financial liabilities	3,517,461,424,861	-
As at 31 December 2018		
Short-term borrowings (Note 4.9(a))	665,431,382,950	-
Short-term trade accounts payable (Note 4.11)	3,347,931,400	-
Short-term accrued expenses (Note 4.13)	51,864,130,815	-
Other short-term payables (Note 4.14)	3,678,219,622	-
Long-term borrowings (Note 4.9(b))	-	170,325,000,000
Total financial liabilities	724,321,664,787	170,325,000,000

(d) Capital risk management

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

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

As at 31 December 2019, the Company's CAR was 827% (as at 31 December 2018: 433%).

10 COMMITMENTS**(a) Operating lease commitments**

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

	AS AT	
	31/12/2019 VND	31/12/2018 VND
Within 1 year	12,628,473,509	8,791,650,540
Between 1 and 5 years	7,575,444,754	11,318,577,812
Total minimum payments	20,203,918,263	20,110,228,352

(b) Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

	AS AT	
	31/12/2019 VND	31/12/2018 VND
Machines and equipment	-	1,131,022,325
Software	2,817,500,600	5,250,000,000
Total	2,817,500,600	6,381,022,325

11 FINANCIAL LOSS EVENT

During the year, the Company identified an event of financial loss leading to restatements of certain comparative figures, including a reduction of retained earnings as at 31 December

2018 of VND 11,547,137,877. The loss event also resulted in a recognition of other expenses of VND 3,744,786,612 for the year ended 31 December 2019 in the statement of comprehensive income (Note 5.8).

As at the date of these financial statements, the Company is still in the process of recovering the losses from this loss event, and would recognise any recovered amount as other income in the period of recovery.

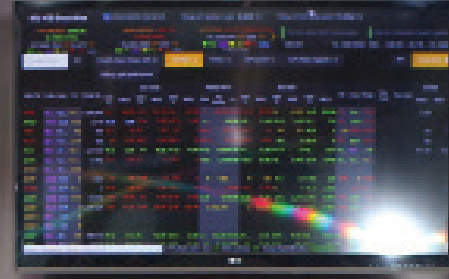
12 SUBSEQUENT EVENTS

Subsequent to 31 December 2019, the outbreak of Covid-19 is a fluid and challenging situation facing all industries. The Company has performed a preliminary assessment of the overall impact of the situation on the Company's operations, including a recoverability assessment for the loans to customers and interest receivables balance as at 31 December 2019 and initially concluded that the impact was insignificant in the foreseeable future. Up to the signing date of the financial statements, there is no credit losses incurred as a result of this event. The Company will continue monitoring the situation, take appropriate and timely actions to minimise the impact.

The financial statements were approved by the Board of Management of the Company on 30 March 2020.

Nguyen Thanh Huyen
Chief Accountant/Preparer

Nguyen Duc Hoan
General Director/
Legal Representative



 **KB Securities**



 **KB Securities**

Headquarter

Address: Floor G, 2&7, Sky City Tower Lang Ha,
88 Lang Ha, Dong Da, Hanoi
Tel: (+84) 24 7303 5333 - Fax: (+84) 24 3776 5928
Website: <https://www.kbsec.com.vn>

Ha Noi Branch

Address: Floor 1, Office Building, 5 Dien Bien Phu,
Ba Dinh District, Hanoi
Tel: (+84) 24 7305 3335 - Fax: (+84) 24 3822 3131

Ho Chi Minh Branch

Address: Floor 2, TNR Tower Nguyen Cong Tru,
180-192 Nguyen Cong Tru,
1 District, Ho Chi Minh
Tel: (+84) 28 7303 5333 - Fax: (+84) 28 3914 1969

Sai Gon Branch

Address: Floor 1, Saigon Trade Center,
37 Ton Duc Thang, Ben Nghe Ward,
1 District, Ho Chi Minh
Tel: (+84) 28 7306 3338 - Fax: (+84) 28 3910 1611