



ANNUAL REPORT

2019





*In order to set a theme for this Annual Report, we have chosen the idea of “**a new sprout growing from hard soil**” to demonstrate the optimism, the faith in life, and the mental strength of Rong Viet Securities in order to overcome the odds and continue with its development story. It is also an indestructible belief in the development of the Vietnam stock market in specific and the Vietnamese race in general in the future.*



ABOUT RONG VIET

Rong Viet is among the leading securities companies in Vietnam which specialized in providing products, financial services, and professional investment for all investors (both institutional and individual) on the market. We always take proactive measures in each task to maximize benefits for all related parties as well as to contribute to the development of the Vietnam Securities market with high quality and professional products & services.

Rong Viet's mission is not only to pursuit business targets but also to maximize the highest return for all related parties in order to increase the chance of success and build a solid position for Rong Viet on the market.

We are committed to ethical and professionalism standards in all activities related to clients, shareholders, employees, and the society. For clients, Rong Viet is entrusted to be their partner on the securities market and to take the responsibility of providing the most effective solutions. For shareholder, we continuously try our best to achieve the highest business results. For employees, we are a strong companion who can help them with their personal development. For the community, we are the neighbor who can share the responsibility as well as to build and nurture the younger generations.

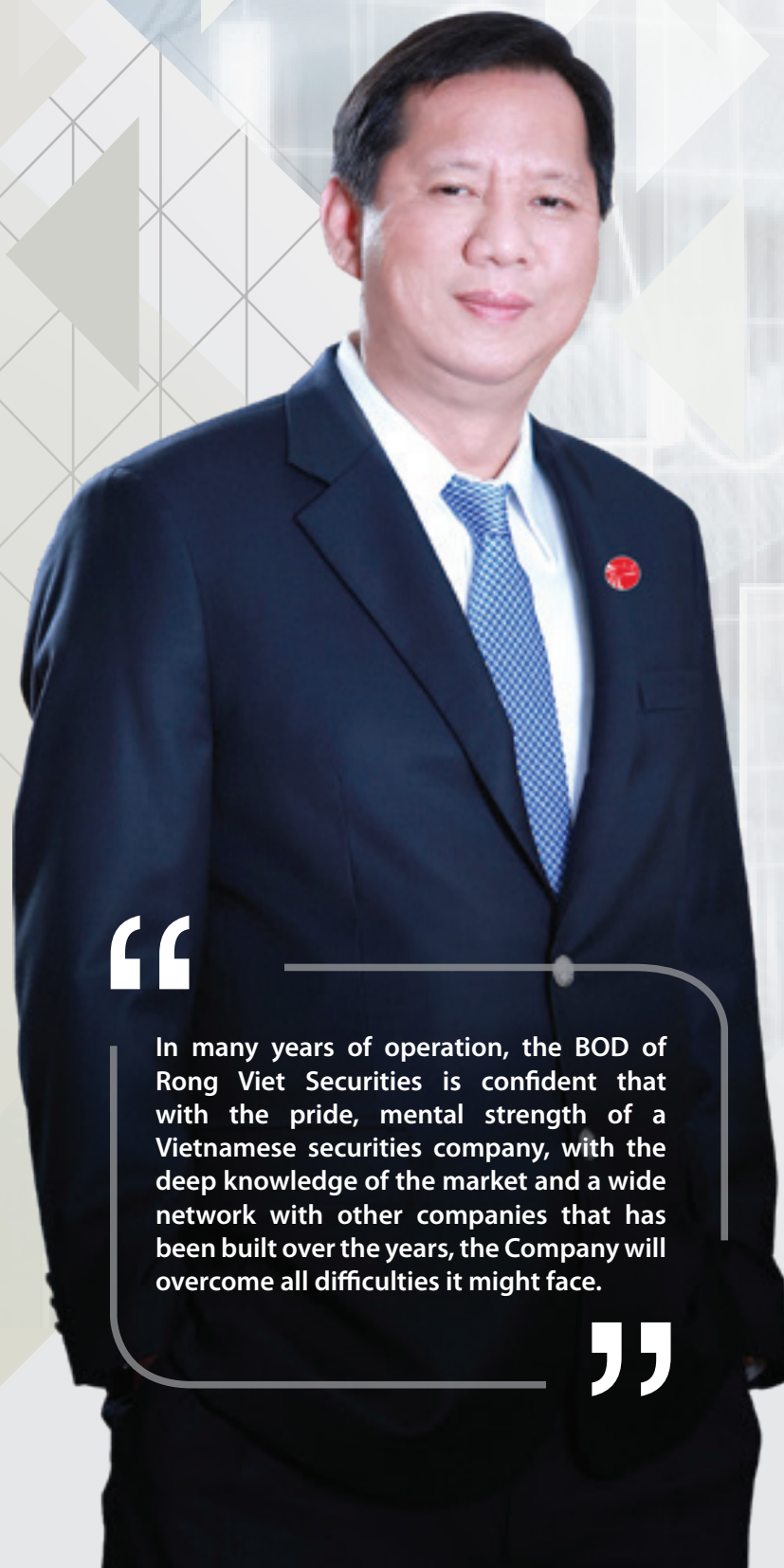
Rong Viet not only focuses on satisfying the needs from all related parties but also continues to improve its corporate governance ability to build a strong foundation for new opportunities in the future.

ABBREVIATIONS

Rong Viet or The Company	: Rong Viet Securities Corporation (VDSC)
SG	: The Shareholder General
BOD	: The Board of Directors
SB	: The Supervisory Board
SSC	: The State Securities Commission
HSX or HoSE	: The Ho Chi Minh Stock Exchange
HNX	: The Ha Noi Stock Exchange
SM	: The Securities Market
SS	: Securities Services
BD	: Brokerage Division
IB	: Investment Banking
IT	: Information Technology
Employees	: Working staffs
HI/ AI	: Health Insurance / Accident Insurance
CIT	: Corporate Income Tax
PIT	: Personal Income Tax
VAT	: Value Added Tax
GDP	: Gross Domestic Products
USD	: United States Dollars
SB	: State Budget
SBV	: State Bank of Vietnam
SOE	: State owned Enterprises
CORP.	: Corporate

MESSAGE

FROM THE CHAIRMAN



“

In many years of operation, the BOD of Rong Viet Securities is confident that with the pride, mental strength of a Vietnamese securities company, with the deep knowledge of the market and a wide network with other companies that has been built over the years, the Company will overcome all difficulties it might face.

”

Dear Shareholders, Clients, Partners, and all members of Rong Viet Securities Corporation,

The Vietnam Stock Market ended the year 2019 at 960.99 points, up by 7.7% on the HSX. The HNX was down by 1.65%, and the UpCom was up by 7.06%. However, in contrary with the increase of the VNINDEX, the market liquidity decreased significantly by 29% YoY, reaching the average of VND 4.61 trillion per trading day (the number of 2018 was VND 6.54 trillion per day).

It is obvious that the Vietnam Stock Market did not fully reflect the Vietnam macroeconomic situation in 2019. By the end of the year, Vietnam's GDP reached 7.02%, bypassing the target of 6.8%. Although this growth rate was lower than that of 2018 (7.1%), it was still a high figure compared to that of the 05-year-period from 2012 -2017. All of the major macroeconomic indicators were positive and under control.

Based on the above-mentioned information, although the macroeconomic situation was quite positive, the stock market did not go along well. In addition, the lower liquidity also made it a difficult year for all participants on the stock market. Other important factors such as the unsettled US – China trade war and the tension in the Middle East when the US and Iran accelerated their actions to dangerous levels made the World become more instable. These events happened frequently around the Globe, resulting in doubts and instability for economic activities worldwide. Although the US stock market had a wonderful year with many records, doubt and instability remained on people's mind throughout the pass year.

Given the situation, Rong Viet Securities Corporation ended the year 2019 with less than expected results. This was the 2nd year in the row that the Company did not meet the target set by the Shareholder General. In 2019, the Company's revenue reached VND 434.3 billion, down by 20.9% compared to that of 2018, and only

reached 78.2% of the year target (VND 439 billion). The profit before tax reached VND 42.5 billion, down by 50.07% compared to that of 2018, and only reached 35.42% of the year plan (VND 120 billion). All business functions failed to meet the target.

The objective factors such as the instability and the low liquidity had a significant impact on the business result of Rong Viet Securities in 2019. However, frankly speaking, the management of the Company was not up to expectation, untimely, and indecisive, leading to the undesired business result. Based on this result, the management system of Rong Viet Securities, despite being upgraded over the past few years, revealed some flaws that needed to be improved, modified, and completed in order to increase the effectiveness in the upcoming period.

When this report is being written in the end of March 2020, Vietnam and the World was facing the Covid-19 epidemic that the World has never been aware of. All economies, regardless of the size of nations, were locked down and quarantined to ensure the health and wellbeing of the people. Giving the fact that the World economy is an inter-link logistic system that depends on one another, the Covid-19 epidemic was a critical strike that greatly affected this system, creating a real crisis for the World economy. The Vietnam stock market was no exception when it suffered heavy losses as the number of infected cases kept rising across the country as well as around the World.

With the less than expected results in 2018-2019 and the difficult situation of the economy and the stock market due to the epidemic, Rong Viet Securities' business in 2020 is expected to be challenged in many ways. As a result, the BOD and all staffs of Rong Viet Securities must find new approaches in response to the new situation in short term and new strategic directions in long term. The epidemic and other short term factors will pass, but the competition will increase. The demand for higher quality and more sophisticated products and services, professionalism as well as the stricter framework from the Authority will put a pressure on Rong Viet Securities to find a solution in order to sustain and grow in the long term.

In many years of operation, the BOD of Rong Viet Securities is confident that with the pride, mental strength of a Vietnamese securities company, with the deep knowledge of the market and a wide network with other companies that has been built over the years, the Company will overcome all difficulties it might face.

Despite the fact that the Vietnam stock market has been going through a difficult time, we firmly believe that there are always opportunities in difficult situations. This event has created a chance for Rong Viet securities to restructure and become lighter and more effective. The decrease on the stock market may reveal good investment opportunities when the stock price of good companies has come down to attractive levels that can yield good returns in the future. We believe that the intrinsic value of Rong Viet and the fighting spirit of the Vietnamese will overcome any obstacle ahead.

In order to set a theme for this Annual Report, we have chosen the idea of a new sprout growing from hard soil to demonstrate the optimism, the faith in life, and the mental strength of Rong Viet Securities in order to overcome the odds and continue with its development story. It is also an indestructible belief in the development of the Vietnam stock market in specific and the Vietnamese race in general in the future.

On behalf of the Board of Directors, the Board of Management, and all of Rong Viet's staffs, I would like to express the deepest gratitude to our Shareholders, Clients, Partners, and the Authority who has been by our side, supporting and helping us over the time.

May us will go through this difficult time of Covid-19 together.

Thank you & best regards,

Chairman of the Boad of Director

Tran Le Nguyen



CHAPTER 1

ABOUT RONG VIET

- VISION – MISSION – CORE VALUES
- GENERAL INFORMATION
- BUSINESSES
- ORGANIZATIONAL STRUCTURE
- HISTORY & DEVELOPMENT
- HIGHLIGHTS 2019



CHAPTER 2

REPORT OF THE BOARD OF DIRECTORS ON OPERATION SITUATION IN 2019 AND PLANS FOR 2020

- BUSINESS RESULTS 2019
 - OVERVIEW OF THE VIETNAM
ECONOMY AND STOCK MARKET
 - MANAGEMENT REPORT
- BUSINESS PLAN 2020



CHAPTER 4

SUSTAINABLE DEVELOPMENT REPORT

- OVERVIEW
- CHANNELS TO CONNECT RELATED
PARTIES
- THE PROCESS OF SPREADING
CONNECTION ACTIVITIES IN THE
COMMUNITY
- THE GRI STANDARDS
- CONTACT INFORMATION



CHAPTER 5

FINANCIAL STATEMENTS

- CORPORATE INFORMATION
- STATEMENT BY THE BOARD OF
MANAGEMENT
- INDEPENDENT AUDITOR'S REPORT
- STATEMENT OF FINANCIAL
POSITION (FORM B01 – CTCK)
- STATEMENT OF INCOME (FORM B02
– CTCK)
- STATEMENT OF CASH FLOWS (FORM
B03B – CTCK)
- STATEMENT OF CHANGES IN
EQUITY (FORM B04 – CTCK)
- NOTES TO THE FINANCIAL
STATEMENTS (FORM B09 – CTCK)



CHAPTER 3

CORPORATE GOVERNANCE

- BOARD OF DIRECTORS (BOD)
INTRODUCTION
- THE BOD'S REPORT
- SUPERVISORY BOARD INTRODUCTION
- SUPERVISORY BOARD'S REPORT
- REMUNERATION AND BENEFITS
OF THE BOARD OF DIRECTORS &
SUPERVISORY BOARD
- BOARD OF MANAGEMENT
INTRODUCTION
- RISK MANAGEMENT ACTIVITY
- STOCK INFORMATION & INVESTOR
RELATION ACTIVITY

Contents



CHAPTER 1

ABOUT RONG VIET

- VISION – MISSION – CORE VALUES
- GENERAL INFORMATION
- BUSINESSES
- ORGANIZATIONAL STRUCTURE
- HISTORY & DEVELOPMENT
- HIGHLIGHTS 2019



VISION

To become a leading investment bank in Vietnam.

MISSION

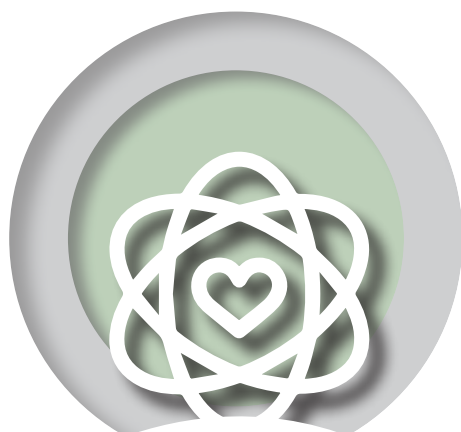
Ceaselessly thinking and acting to create the best values for clients, shareholders, and employees and contributing to the development of Vietnam securities market. We are willing to share responsibilities with community and society in the national development.



CORE VALUES

All members of Rong Viet are committed to reserve the Company's Core Values and take them as the guide for all activities.

- Clients' best interest
- Prestige
- Professionalism
- Innovation
- Efficiency



GENERAL INFORMATION

Rong Viet Securities (RongViet) was founded in December 2006 by leading financial and trading institutions including Vietnam Export - Import Commercial Joint Stock Bank (Eximbank), Saigon Trading Group (Satra), Viet Dragon Fund Management Company (VDFM), Sai Gon Asia Financial Investment Group and financial and banking specialists in Vietnam.

• Corporate's name	:	Rong Viet Securities Corporation
• Established	:	December 2006
• Charter Capital (31/12/2019)	:	VND 1,000,999,060.000
• Head office	:	141 Nguyen Du, Ben Thanh Ward, Dist. 1, HCMC
• Website	:	www.vdsc.com.vn
• Tel	:	(+84) 28 6299 2006
• Fax	:	(+84) 28 6291 7986
• Staff (As of 31/12/2019)	:	258 Persons

BUSINESSES



Securities
Brokerage



Proprietary
Trading



Securities
Underwriting



Securities
Custody

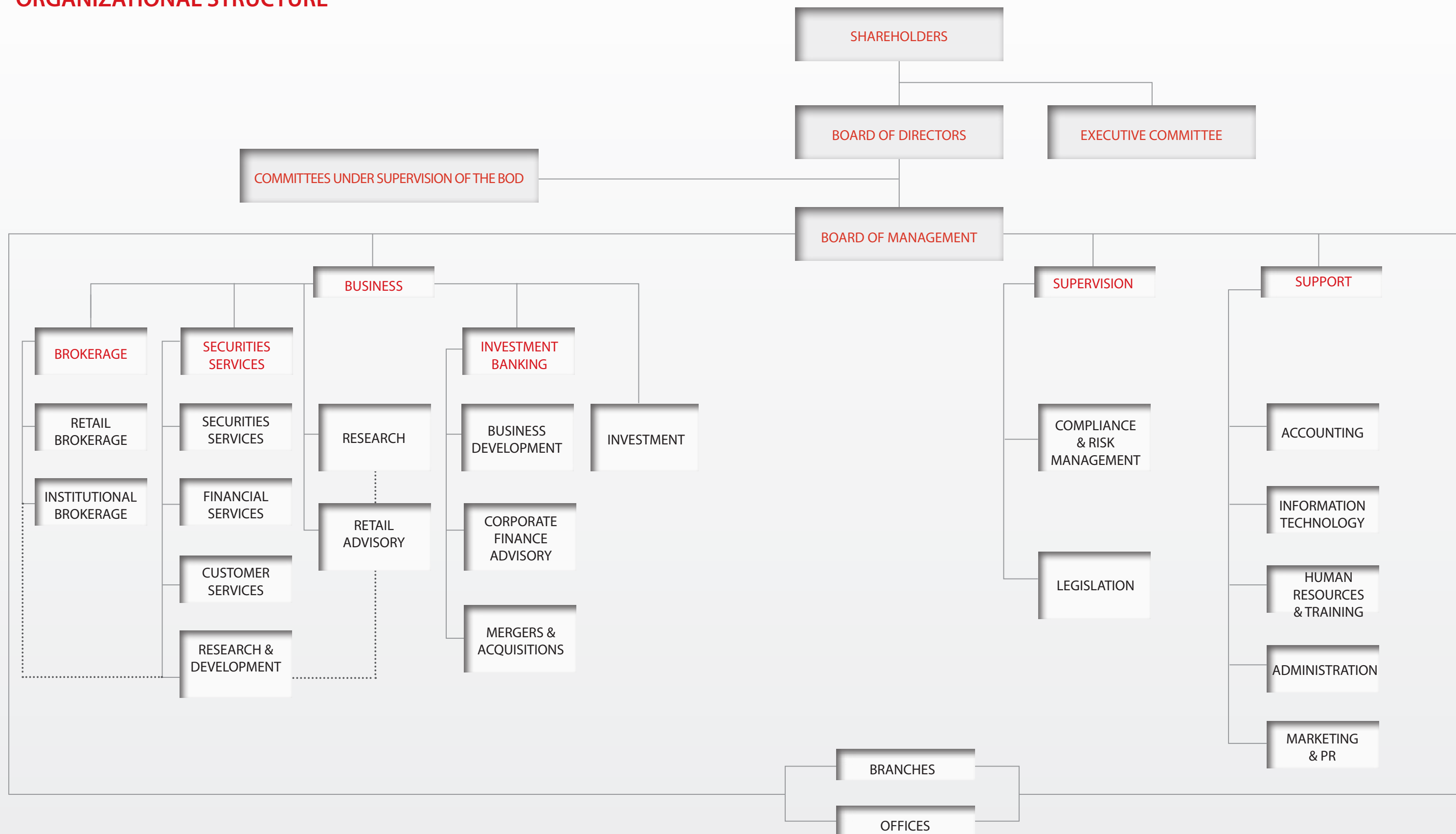


Financial Advisory and
Securities Investment
Advisory



Underwriting and Securities
Depository

ORGANIZATIONAL STRUCTURE



HISTORY & Development



2006 - 2007

- Founded with initial charter capital of VND100 billion;
- Membership of HNX, HOSE, Vietnam Securities Depository;
- Charter capital raised to VND 300 billion.

2008 - 2011

- Launched Ha Noi, Can Tho branch, Nha Trang;
- Charter capital raised to VND 349 billion;
- Officially listed on the HNX under the ticker VDS;

2012 - 2015

- Ranked as the sixth largest securities firm by 2012 brokerage market share in the HSX;
- Charter capital raised to VND 700 billion.

2016 - 2017

- Top 3 most improved brokerage at Asiamoney Brokers Poll 2016;
- Officially listed on the HSX under the ticker VDS;

2018 - 2019

- July - Charter capital increased to 1,000,999,060,000 đồng;
- The derivatives service and became the 10th member of the Vietnam derivatives market;
- Top 10 in terms of market share on the HNX (1st quarter), the HSX (2nd quarter), and the derivatives market (3rd quarter).



BUSINESS ACTIVITIES

October 2019

TOP 10 in terms of market share on the derivatives market (3rd quarter)

July 2019

TOP 10 in terms of market share on the HSX (2nd quarter)

April 2019

TOP 10 in terms of market share on the HNX (1st quarter)

AWARDS



November 2019

Top 10 Best annual report 2018 midcap range

September 2019

Outstanding Member in Auction Advisory Service on HOSE (2018 – 2019)

August 2019

Outstanding M&A Advisor of the year (2018 – 2019)



CHAPTER 2

REPORT OF THE BOARD OF DIRECTORS ON OPERATION SITUATION IN 2019 AND PLANS FOR 2020

■ BUSINESS RESULTS 2019

- OVERVIEW OF THE VIETNAM ECONOMY AND STOCK MARKET
- MANAGEMENT REPORT

■ BUSINESS PLAN 2020



01 BUSINESS RESULTS 2019

OVERVIEW OF THE VIETNAM ECONOMY AND STOCK MARKET

Vietnam economy



Vietnam's GDP growth in 2019 is estimated at

7,02% YoY

which is slightly below 2018's 7.1% but higher than the average pace in 2012-2017 and fulfills the Parliament's target of 6.8% YoY.

In 2019, the headline inflation dropped to

2,79%

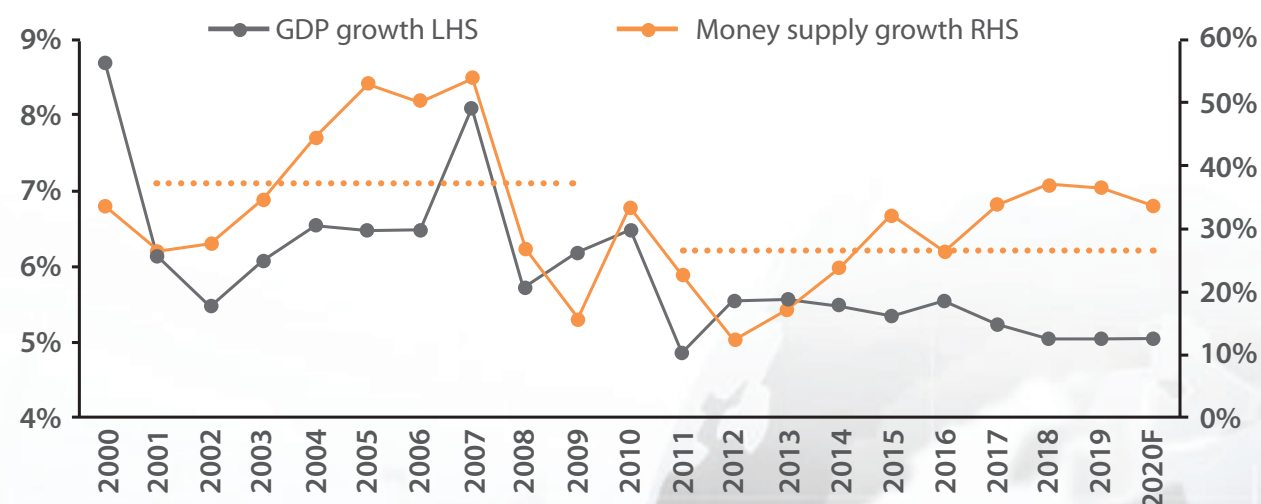


from 2018's 3.5% YoY. Additionally, Vietnam trade surplus hit a record high of USD 9.9 bn, the highest level in 4 consecutive years of export surplus.

In addition, the macro-economic stability has been reinforced as the public debt/GDP gradually decreased to 57.4% from the peak of 63.7% recorded in 2016. Notably, 18 commercial banks qualified Basel II requirement with above 8% CAR.

Looking back Vietnam's two economic cycles in 2000-2020, it is clear that the current economic growth is healthier and more independent from the money supply. In 2019, money supply just grew at an annual pace of 12.5% YoY, lower than the 5-year average of 16% YoY. The upward momentum has diversified into various industries such as steel, oil refinery, electronic devices, textiles, etc instead of the denomination of real estate.

Vietnam's GDP growth in 2000-2020 (% YoY)



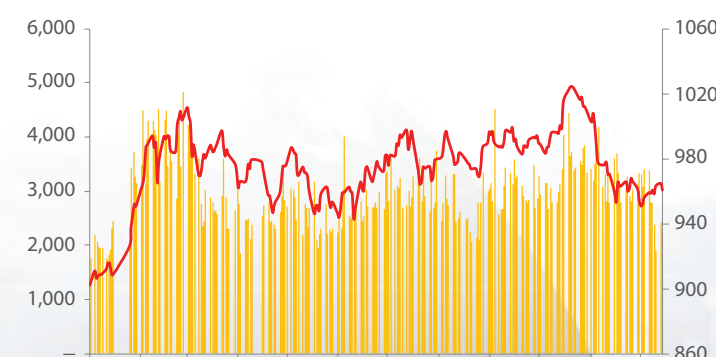
Source: GSO, Rong Viet Securities

The Vietnam Stock Market

Vietnam stock market grew nearly 8% in 2019. VN-Index closed the last trading session of the year at 960.99, gained by 68.45 points (+7.7%) from 892.54 of 2018. HNX-Index lost 1.72 points (-1.65%), to 102.51 points. UPCoM-Index surged by 7.06% to 55.56. Liquidity reached VND 4,641 billion/session, 29% lower than that of 2018 (VND 6,548 billion/session).

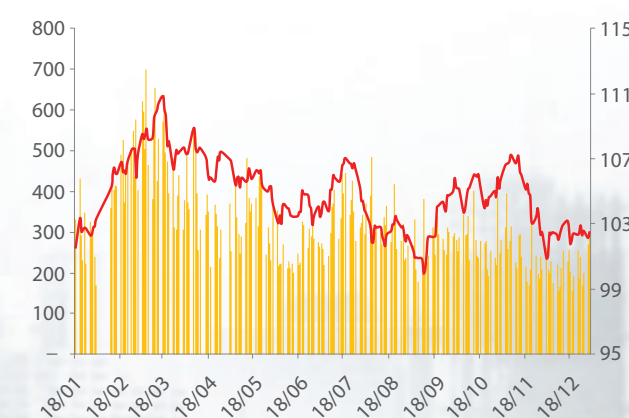
The market highlight of 2019 must have mentioned ETFs. According to statistics, ETFs net bought nearly US 230 million on Vietnam's stock market, equivalent to VND 5,300 billion over VND 7,000 billion of the total foreigners net buying in 2019. VFMVN30 ETF was the most prominent name among ETFs present on Vietnam's stock market last year as the net issuance of fund certificates reached to USD 101.2 million (around VND 2,347 billion). This figure of VFMVN30 ETF in 2019 was even larger than Vaneck Vectors Vietnam ETF (USD 100.9 million).

Matching Value (VND Billion)
VNINDEX (right axis)



Source: Fiinpro, Rong Viet Securities

Matching Value (VND Billion)
VNINDEX (right axis)





01 BUSINESS RESULTS 2019 (continued)

MANAGEMENT REPORT

Business results



In 2018, Rong Viet recorded business results with:

Revenue over **VND343 billion**

PAT of **VND 34,6 billion**

a drop of 21% and 50% respectively compared to 2018.

Income per share (EPS) in 2019 reached **VND346 /share**

Units: VND Million

Business results	2019	2018	% Change	Plan 2019	% Plan 2019
Business results (VND Million)					
Revenue	343,318	434,162	(21%)	439,000	78.20%
Total operating expenses	300,815	349,030	(14%)	319,000	94.30%
PBT	42,503	85,132	(50%)	120,000	35.42%
PAT	34,645	68,681	(50%)	96,000	36.09%
Balance sheet (VND Million)					
Total assets	2,299,546	1,932,338	19%		
Equity	1,045,444	1,110,899	(6%)		
Stock criteria					
Outstanding share	100,099,906	100,099,906	-		
Earnings per share (EPS) - VND	346	686	(50%)	959	36.09%
Book value per share (VND)	10,375	11,073	(6%)		

Revenues:

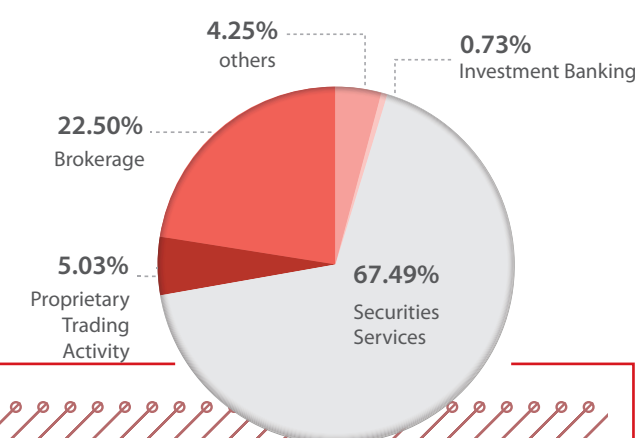
Item	2019			2018	
	Plan	Result	% Result / Plan	Result	% +/- 2018/2017
Revenue	439,000	343,318	78.20%	434,162	(20.92%)
Brokerage	122,600	77,238	63.00%	102,558	(24.69%)
Securities Services	235,400	231,702	98.43%	219,063	5.77%
Proprietary Trading	50,000	17,264	34.53%	93,130	(81.46%)
Investment Banking	15,000	2,508	16.72%	4,071	(38.39%)
Others	16,000	14,606	91.29%	15,341	(4.79%)



In 2019, all of Rong Viet's businesses completed

78.2 %

revenue plan, 20.9% lower than that of 2018, in which:



Securities Services

The total revenue in 2019 reached 98.4% of the year plan, up by 5.77% YoY. Revenue from this activity accounts for the highest proportion of Rong Viet's total revenue (67.49%).

Proprietary Trading Activity

Decreased by 81.46% YoY (only reached 34.53% of the year plan). In 2019, this activity underperformed as well as a certain level of hesitation in investment decisions affected the effectiveness of investment activities.

Brokerage

The total revenue from listed stocks brokerage commission in 2019 was VND 77.2 billion, accounted for 22.5% total revenue, reached 63% the year plan and fell by 24.69% YoY. Despite the liquidity in stock market last year stumbled 29% verse that of 2018 (reached 4,641 billion/session in 2019 compared to 6,548 billion/session in 2018).

Investment Banking

IB activities did not fulfill the year plan as they only reached 16.72%, a sharp fall of nearly 40% YoY. The allocation of work into consulting services is still spread, resulting in the effectiveness of IB activities.



01

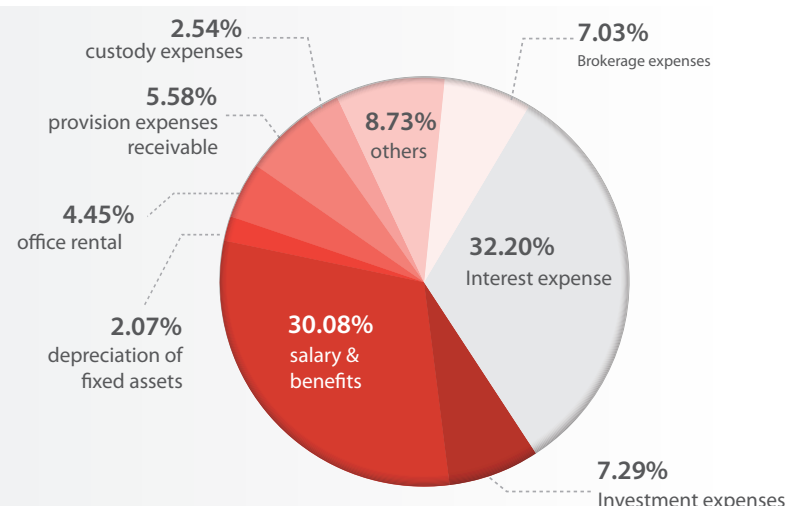
BUSINESS RESULTS 2019 (continued)

MANAGEMENT REPORT (continued)

Expenses:

Supervision results

The total operating expenses in 2019 was 300.8 billion, fell by 13.81% YoY and reached 94.3% the year plan. The highest weight was interest expense (32.2%). Next was salary & benefits that accounted for 30.08%. Third was investment expenses at 7.29%. Other large expenses included brokerage expenses (7.03%), provision expenses receivable 5.58%, office rental (4.45%), custody expenses (2.54%), depreciation of fixed assets (2.07%), and others (8.75%).



Assets

Balance Sheet (Units: VND million)	%	31/12/2019	%	31/12/2018	% Change
A SHORT-TERM ASSETS	98%	2,245,757	97%	1,880,838	19.40%
I. Financial Assets		2,243,543		1,873,348	19.76%
1. Cash & Cash Equivalents		300,265		71,744	318.52%
2. FVTPL		340,068		222,036	53.16%
3. Lending		1,589,109		1,558,077	1.99%
4. Other receivables		14,102		21,491	(34.38%)
II. Other short-term assets		2,214		7,490	(70.44%)
B LONG-TERM ASSETS	2%	53,788	3%	51,500	4.44%
I. Fixed Assets		18,982		14,619	29.85%
II. Construction in progress		-		3,218	
III. Other Long-term assets		34,806		33,663	3.40%
TOTAL ASSETS		2,299,546		1,932,338	19.00%
A PAYABLES	55%	1,254,101	43%	821,439	52.67%
I. Short-term payables		1,253,305		820,947	52.67%
Short-term borrowings		165,900		216,300	(23.30%)
Short-term bonds		879,940		581,674	51.28%
Other short-term payables		207,465		22,973	803.08%
II. Long-term payables		796		492	61.87%
B OWNER'S EQUITY	45%	1,045,444	57%	1,110,899	(5.89%)
TOTAL EQUITY		2,299,546		1,932,338	19.00%

Financial safety ratio: Complied to all regulations

Item	Units	31/12/2018	31/12/2017	Regulation Standard
Financial Safety Ratio	%	732	950	Above 180%
Total Debts / Total Equity	Times	1.2	0.74	Not larger than 03 times
Short-term Debts / Short-term Assets	Times	0.56	0.44	At most 1
Residual fixed assets value / Total Assets	%	0.83	0.76	Not over 50%
Value of investment in un-listed shares / Owner's Equity	%	18.35%	6.22%	Not over 20%
ROE	%	3.31	6.18	
ROA	%	1.51	3.55	

Main businesses

Brokerage

Total revenue in 2019 of Brokerage activities marked VND 77.2 billion, down 24.69% YoY and reached 63% the year plan. In details, revenue from listed securities brokerage fees was VND 74.9 billion, derivative securities brokerage fees was VND 1.6 billion, other brokerage activities was VND 716.5 million.



Units: VND Million

Item	2019			2018	
	Plan	Results	% Results/ Plan	Results	% (+)/ (-)
Revenue	122,600	77,238.50	63.00 %	102,557.83	(24.69 %)
Listed securities brokerage	120,243	74,898.77	62.29 %	101,611.31	(26.29 %)
Derivative securities brokerage	1,757	1,623.20	92.38 %	300.66	439.87 %
Others	600	716.54	119.42 %	645.86	10.94 %
Operating expense	102,676	73,441.98	71.53 %	85,059.96	(13.66 %)
Gross profit	19,924	3,796.52	19.06 %	17,497.87	(78.30 %)



01 BUSINESS RESULTS 2019 (continued)

MANAGEMENT REPORT (continued)

Main businesses (continued)

Brokerage (continued)

Trading Value: The average trading value per session of the whole market in 2019 recorded VND 4,641 billion, down 29% compared to 2018 (VND 6,548 billion). The average trading value per session done through Rong Viet in 2019 reached VND 194.9 billion (down 20% compared to the value of VND 244.09 billion in 2018).

Market Share: In 2019, Rong Viet's market share reached VND 2.10%, up by 12.73% compared to last year. In details, The Company's market share at the HSX, HNX, and UPCOM was 2.01%, 2.43%, and 2.82%, respectively.

Item	2019	2018	% +/-
HSX	2.01%	1.83%	10.20%
HNX	2.43%	1.61%	50.39%
UPCOM	2.82%	2.72%	3.91%
Total	2.10%	1.86%	12.73%



Client Development

Rong Viet's total client accounts as of December 31, 2019 were 79,861 accounts, an increase of 4.78% compared to the end of 2018 (76,221 accounts). In 2019, Rong Viet has opened 3,704 new accounts, including 3,654 domestic individual accounts, 36 domestic institutional clients, 4 foreign organizations and 10 foreign individuals.



Research and Investment Advisory Activity

In 2019, the Company organized 6 seminars: O&G Industry Conference (March 2019), Banking Industry (May 2019), Real Estate Industry (Bizlive, July 2019), Macro & Fishery Industry, Fishery Industry & ANV (Hanoi, September 2019), Sector Outlook Conference (Head office, September 2019). Many research reports were cited in reputable newspapers in finance, securities and Bloomberg. In addition, the Company also conducted a number of contracts on business valuation, remained contract to provide research reports with Japanese partners and participated in a number of consulting contracts as the research-supporting role.



Securities Services

Total revenue in 2019 of Securities Services reached VND 231.7 billion, increased by 5.77% YoY and reached 98.46% of the year plan (VND 235.4 billion). In which:

Margin services: Revenue of this activity reached VND 211.4 billion, equivalent to 98.34% of the year plan (VND 215 billion).

Cash Advance Services: The average outstanding loan advanced in 2019 was VND 100.55 billion. Revenue reached VND 12.46 billion or 94.38% of the year plan (VND 13.2 billion).

Custody Services: The accumulated revenue reached VND 7.15 billion, equivalent to 99.03% of the year plan (VND 7.2 billion).

Units: VND Million

Item	2019			2018	
	Plan	Result	% Result / Plan	Result	% +/- 2019/2018
Revenue	235,400	231,701.74	98.46%	219,062.57	5.77%
Margin	215,000	211,437.57	98.34%	197,049.56	7.30%
Interest from Cash Advance	13,200	12,458.46	94.38%	13,232.50	(5.85%)
Securities Custody	7,200	7,151.62	99.33%	8,659.56	(17.41%)
Other services	-	654.10	-	120.96	440.74%
Operating Expense	121,818	131,467.32	107.92%	106,114.12	23.89%
Gross Profit	113,582	100,234.43	88.25%	112,948.46	(11.26%)



01 BUSINESS RESULTS 2019 (continued)

MANAGEMENT REPORT (continued)

Main businesses (continued)

Investment banking (IB)



In 2019, the Investment Banking division only collected VND 2.5 billion in revenue, equivalent to 16.72% of the year plan. In which, revenue from Corporate advisory was VND 1.82 billion, M&A advisory revenue was VND 410 million and others was VND 276 million.

Units: VND Million

Item	Năm 2019			Năm 2018	
	Plan	Result	% Result / Plan	Result	% +/- 2019/2018
Revenue	15,000	2,508	16.72%	4,071	(38.39%)
Underwriting	2,000	-	-	-	-
Corporate Advisory	7,000	1,822	26.03%	3,362	(45.79%)
M&A Advisory	6,000	410	6.83%	709	(42.17%)
Others	-	276	-	-	-
Operating Expense	13,804	10,003	72.47%	7,812	28.05%
Gross Profit	1,196	(7,495)	-	(3,741)	-

In 2019, the development of new clients and new contracts encountered obstacles and did not meet the plan set in terms of the number of contracts as well as the value. Regarding M&A advisory, contract development and collaboration with partners significantly increase the project portfolio. However, due to some objective reasons from partners, some projects have not been implemented, resulting in only one contract in 2019.

Proprietary Trading Activity



In 2019, the revenue of proprietary investment activities was VND 17.26 billion, equivalent to 34.53% of the year plan (VND 50 billion). The annual cost of this activity was VND 23.87 billion (mainly loss from securities sales - VND 22.9 billion). Accumulated for the whole year, the business results of proprietary trading lost VND 6.6 billion.

Units: VND Million

Item	2019			2018	
	Plan	Result	% Result / Plan	Result	% +/- 2019/2018
Revenue	50,000	17,264	34.53%	82,877	(79.17%)
Realized profit	46,500	11,247	24.19%	92,463	(87.84%)
Dividends	3,500	5,888	168.22%	5,474	7.55%
Stock price difference	-	130	-	(15,060)	(100.86%)
Operating Expense	7,352	23,873	324.71%	83,631	(71.45%)
Gross Profit	42,648	(6,609)	(15.50%)	(754)	-

Branches

In 2019, none of Rong Viet's branches completed the year plan. Even so, the Hanoi Branch and Nha Trang Branch were still profitable. Particularly, Can Tho Branch, in 2019 recorded a large expense due to provisioning bad debts for margin loans, resulting in failure to meet the target of 2019 and recording losses.



01 BUSINESS RESULTS 2019 (continued)

MANAGEMENT REPORT (continued)

Supporting activities

Information Technology Activities (IT)



Core operation

Core project for derivatives trading was successfully launched in 2019 and has become stably operational, meeting other departments' needs. Additionally, the upgrade of the Core system version from R4 to R6 is ongoing and expected to be completed in 2020.

Applications development

In 2019, Rong Viet upgraded its stockpricelist with a new interface that was more modern and intuitive, integrating new charts. The Company has also put into operation the derivatives price list of Government bond futures contracts, the upgrade stock price list (July 11, 2019). In addition, the comment and recommendation function was completed and officially deployed to clients in January 2020.

Infrastructure

Being aware of the importance of IT toward the Company's operation and development. IT Infrastructure Department conducted IT upgrade and completion projects in 2019, achieving several results: upgraded Core server, virtualization system, and firewall for Branches, deployed privileged management system in order to supplement resources, security and enhance the ability to manage and operate safe and stable systems.



Administration Activities

In 2019, Administration activities ensured the provision of facilities for the entire company as well as organizing successful events.

Human Resource and Training Activities (HR)

As of December 31, 2019, the number of existing staff was 288, decreasing 38 persons or -11.7% compared to the beginning of the year (326 persons). In 2019, the Company recruited 85 new employees, more than half of which were Brokers. Due to the direction of HR development in terms of both quantity and quality, the Company has issued new policies and regulations to improve the criteria for evaluation and more detailed screening for Brokers.

Training: In 2019, the HR Department carried out internal and outsourcing training programs as well as supported employees to join advanced professional training courses. Human resource management and periodic assessments, as well as ensuring professional process of labor management to be stably operated in line with the Company's procedures as well as the law.



Marketing and PR Activities

In 2019, Rong Viet consistently ranks among the TOP 3 most mentioned securities companies in the press (on average from 700 to 750 news / month). The work of digital communication has been focused on developing (Zalo, Facebook) in order to increase the media and promote products to clients.





01

BUSINESS RESULTS 2019 (continued)

MANAGEMENT REPORT (continued)

Supporting activities (continued)

Capital and Accounting Financial Activities

Capital and Accounting Financial Activities

Timely completed annual audit reports, quarterly financial statements and other periodical reports. Additionally, the Company has completed tax finalization with the Tax Agency until the end of 2017. The conversion from paper invoices to electronic invoice program has also been completed in 4Q 2019 and operating stably.



Capital Activity

Completed the seeking and Company's capital management. As of December 31, 2019, the total disbursed capital was VND 1,200 billion, VND 879.9 billion of which was from the bonds issuances to institutions and individuals. Lending limit from financial institutions was still maintained at around VND 300 billion.

Internal Control and Legal Activities

Inspecting and controlling brokerage business activities were carried out at the Head Office and branches. In 2019, the Company developed risk management reporting software with the goal of automating risk management to bring quick and accurate results. Risk management reports to the State Securities Commission and anti-money laundering reports were timely submitted in accordance with regulations. Additionally, Rong Viet has issued a new Internal Control Process of trading securities and derivative securities with clear and detailed description.

Business review in 2019

In 2019, Rong Viet's business results did not meet the plan as PBT was only VND 42.5 billion (35.4% of the plan).

Objective reasons

Compared to 2018, the market liquidity has dropped sharply by 29%, which is one of the objective reasons decreasing the revenue from brokerage activities by nearly 25% YoY. The average transaction value of the whole market in 2019 was only over VND 4,600 billion / session (compared to the average transaction value in 2018 of VND 6,500 billion / session).

Increasing competition due to new foreign companies with strong capital and technology.

Subjective reasons

Proprietary trading

Is expected to contribute to Rong Viet's revenue. However, in 2019, this activity did not meet the plan. Besides, some investment decisions are still not definitive, leading to a lag as the market fluctuates, affecting the efficiency of investment activities.

IB

Did not reach the expected revenue in 2019, only 16.72% of the year plan and plummeted nearly 40% compared to 2018. The distribution of work in the consulting business also spread leads to the effectiveness of IB activities not achieving the set plan.

Securities Services

Although there has been a growth in revenue, it has started to appear deficiencies in risk management, greatly affecting the overall business results. In 2019, due to customer assessment and careless risk management, resulted in bad debt cost, causing a loss of VND 16.8 billion, accounting for 5.58% of company's total cost in 2019.

It can be said that Rong Viet has had a quite tough year in 2019. VDSC has not achieved the profit plan, the risk management has incurred some damage. However, these are also valuable lessons for Rong Viet to continue. Lessons in 2019 have helped the Board of Management to rethink and build up a prudent business orientation in 2020, focusing on strengthening the human resources, restructuring the business operations, to increase efficiency, fast growth along with the effective risk management.

2020 has been positively started when the stock market come into the Lunar New Year holiday. However, after Lunar New Year, the VN-Index plunged due to the effects of the Covid-19 epidemic with the complicated situation, which directly affects the manufacturing process of businesses as well as the Vietnam stock market. It is forecasted that in such difficult and challenging context, Rong Viet team also believes "There will be opportunities in difficulties", always ready to look for the smallest business opportunities to increase operation efficiency for the company.

Although there are still many challenges ahead, the Board of Management and all employees are ready to strive to complete the objectives. We would like to thank the Shareholders and the Board of Directors for trust and support Rong Viet during the past time and always look forward to continuing to receive trust and support in the upcoming time.





02 BUSINESS PLAN 2020

VIETNAM ECONOMIC OUTLOOK 2020

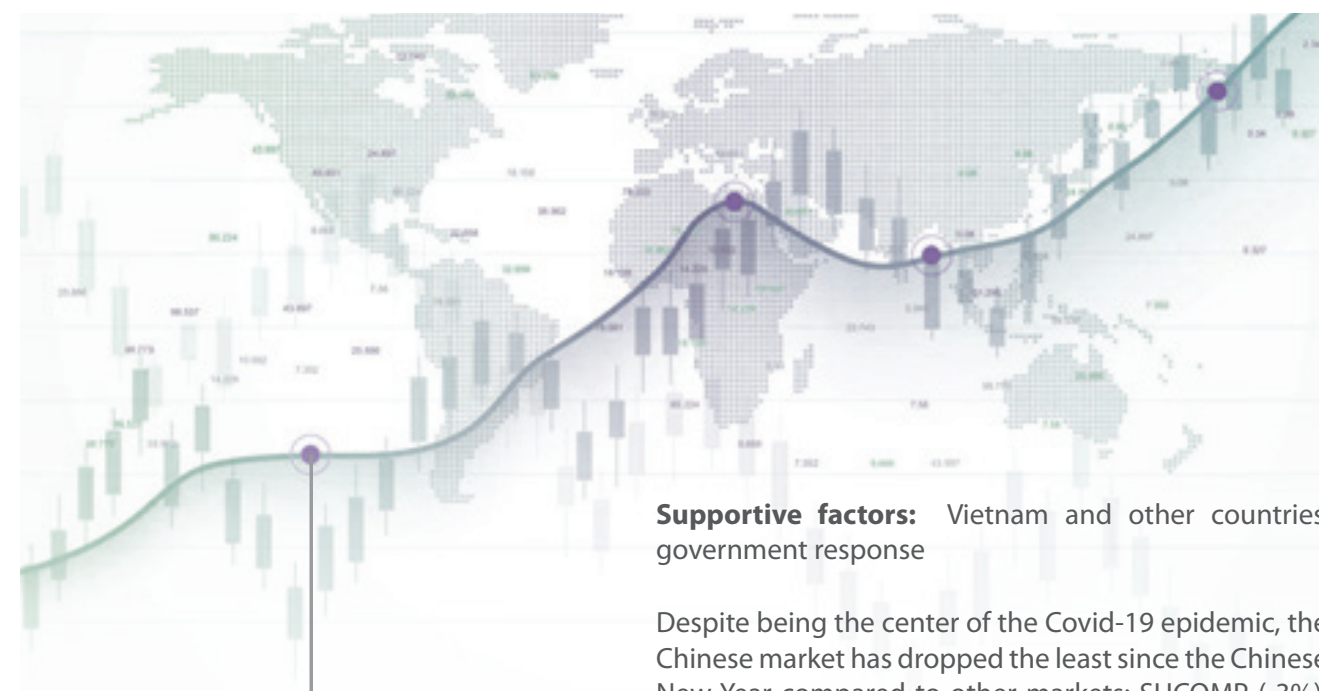
After a long trade war, the two leading economies, US - China showed signs of approaching the tipping point and began accepting concessions. In addition, the Central Bank in some major countries has implemented monetary easing policies to support the economy and reduce the impact of trade war. Risks in the world financial market still exist but generally in 2020 is expected to be more positive than 2019. However, an unforeseen threat is that the Covid-19 disease outbreak in China on early January and spread to Korea, Japan as well as many other European countries have disturbed all forecasts, heavily affecting the global economy in general and the stock market in particular. It is estimated that the Covid-19 epidemic could cost the global economy more than US \$ 1,000 billion in losses due to falling labor productivity, stagnant production, disrupted supply chains, reduced trade and investment, and postponed tourism. Particularly in China, it is estimated that in the first quarter of 2020, the Chinese economy could lose up to 1,000 billion Yuan (143.1 billion USD), about 1% of the country's GDP.



In Vietnam, the Ministry of Planning and Investment has proposed two growth scenarios of Vietnam under the impact of disease, whereby if nCoV is controlled in the first quarter, it is estimated that GDP in 2020 will increase by 6.27%/year and the situation of COVID-19 is controlled in the second quarter, GDP this year only increased 6.09%/year. Both scenarios mentioned above give a much lower estimate than the level of over 7% of the previous 2 years.



STOCK MARKET OUTLOOK 2020



Supportive factors: Vietnam and other countries' government response

Despite being the center of the Covid-19 epidemic, the Chinese market has dropped the least since the Chinese New Year compared to other markets: SHCOMP (-3%), S&P 500 (-7%), the VNIndex (- 11%), KOSPI (-12%), SET (-15%), as of March 2nd. This is due to the Chinese government's implementation of many measures to support the economy, including lowering interest rates, pumping money into the banking system to maintain liquidity and keeping the currency stable, providing loan packages of 300 billion RMB for affected businesses and reducing imported taxes on some items including goods from the US. In addition, the Beijing government pledged to provide more support measures. Besides China, Australia, Hong Kong and Malaysia have just announced that they are lowering interest rates. The Fed has also unexpectedly cut interest rates by 50 basis points to cope with the Covid-19 outbreak and is ready to take further action if necessary. The European Central Bank (ECB) has also confirmed that appropriate actions will be taken to support the economy. While in Italy, the government has provided \$4 billion to support affected businesses. In Vietnam, the State Bank has also requested commercial banks to review and create accommodations for affected businesses. The draft circular of guidance may soon be completed. The Government of Vietnam, Rong Viet Securities Corporation – Investment Strategy Report March 2020 16 in coordination with commercial banks, has just announced a VND 285 trillion-credit support package with low interest rates and a support package from fiscal policy of at least VND 30 trillion.

The Covid-19 epidemic has severely affected almost every stock market in the world. The ability to control the Covid-19 outbreak is still unknown as it continues to spread outside China. As a result, the risk of a downtrend for markets remains high as the epidemic is expected to have a stronger impact on the world economy than the SARS epidemic. While the US stock market fell 13% from January to March 2020 because of SARS, according to Citi Research. The Covid-19 epidemic is expected to have a stronger impact on the world economy than the SARS epidemic.

COVID-19



02 BUSINESS PLAN 2020 (continued)

MAJOR RISKS IN 2020



Effect from political and commercial factors in the world

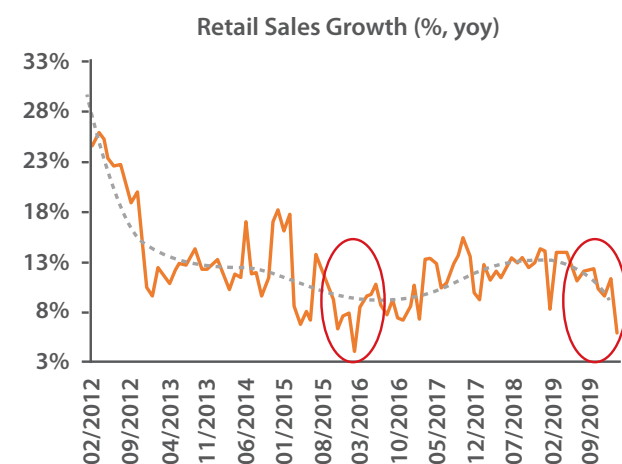
Since the end of 2018, volatility on Vietnam's stock market has been significantly influenced by external instabilities. Not only sentiment, the escalation of the trade war, which actually have a major impact on the global economy. These are main reasons that foreign cash flows are somewhat cautious for penny, compared to blue chips. Although the US - China have reached certain agreements, the core disagreements have not been resolved and there are doubts about the possibility that two countries will take out commitments seriously. In addition, when Phase 2 negotiations takes place is still a question mark.

Impact of Disease

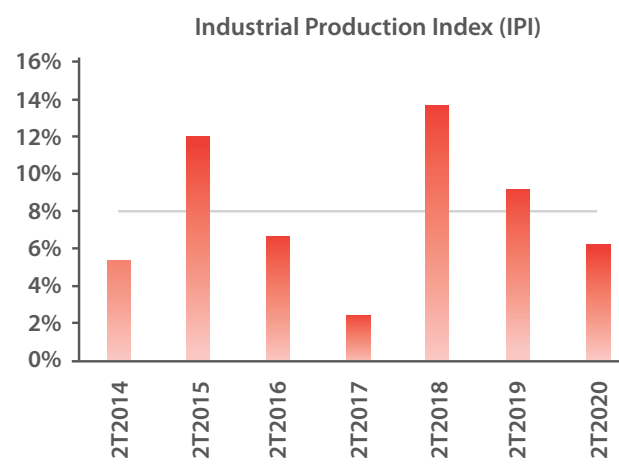
Economic figures published by the General Statistics Office show a decline in consumption and domestic production. The possible recovery in 2H2020 greatly depends on the recovery of manufacturing activity in China due to the recent disruption of supply chain, some of which are clearly related to COVID-19. Government support is required to stabilize the economy.

Economic Growth - Supply Shock?

In the first two months of the year, retailers' sales grew at 9.8% YoY, well below last year of 13.3% YoY. Consumers have protected themselves against the risk of community transmissions of COVID-19 and refrained from participating in public events, even traditional festivals at the beginning of the year. Meanwhile, the global spread of the epidemic has pushed the government to tightly control borders and limit international tourists arrivals, which have dropped by nearly 22% YoY in 2M2020. Therefore, some hospitality service providers have slowed their operations temporarily as total revenue is up only 1.7% YoY, compared with the same period in 2019 at 10.8% YoY. The tourism industry is been affected on a vast scale.



Source: GSO, Rong Viet Securities



Source: GSO, Rong Viet Securities

Industrial production only grew at 6.2% YoY, lower than the last two years. The biggest contribution came from Samsung's increased capacity to fulfill orders for their new smartphones as well as the production of cars by Vinfast, starting operation since July 2019. Therefore, the manufacturing output in Bac Ninh and Hai Phong provinces increased at a two-digit pace. However, this was not enough to offset the adverse impact of COVID-19 on Vietnam's manufacturing industry. Electronics manufacturers released their initial short-term outlook, showed a lower turnover, and output due to drop in new orders as well as shortages of supplies. That was reflected in a report by IHS, which surveyed hundreds of cross-sector producers in Vietnam. The most noticeable thing is the contraction of production in February 2020, never seen since 2013 when the economy was at the bottom. While many respondents mentioned softer demand of consumer and intermediate goods, the most concern was the deteriorating performance of vendors because firms struggled to import essential inputs from China. Firms' profit margins have been hampered due to rises in input costs. Encouragingly, there has not been a significant transfer into output prices so far.

	02/2019	03/2019	04/2019	05/2019	06/2019	07/2019	08/2019	09/2019	10/2019	11/2019	12/2019	01/2020	02/2020
Vietnam	51	52	53	52	53	53	51	51	50	51	51	51	49
Korea	47	49	50	48	48	47	49	48	48	49	50	50	49
Taiwan	46	49	48	48	46	48	48	50	50	50	51	52	50
China	50	51	50	50	49	50	50	51	52	52	52	51	49
Thailand	50	50	51	51	51	50	50	51	50	49	50	50	50
Indonesia	50	51	50	52	51	50	49	49	48	48	50	49	52
Malaysia	48	47	49	49	48	48	47	48	49	50	50	49	49
Philippines	52	52	51	51	51	52	52	52	52	51	52	52	52
Japan	49	49	50	50	49	49	49	49	48	49	48	49	48

Source: IHS Markit, Rong Viet Securities

Globally, although the drag on economic activity from COVID-19 is expectedly to be temporary, there is no doubt that the slowdown will hurt growth. As one of the three most important manufacturing hub in the globe, the current disruption in the Chinese supply chain, a supply shock, deteriorates the economic forecast of both upstream economies (Japan, South Korea, Taiwan, Singapore, and Hong Kong) and downstream ones (Thailand, Vietnam, Malaysia, etc.). Most of Asia manufacturing PMI dropped into the contraction level in February, except for Indonesia and the Philippines. As mentioned above, electronics manufacturers in Vietnam are concerned about shortages of necessary inputs as nearly half of it imported from Chinese suppliers. Similarly, machinery and textiles producers warn of running out of stock since mid-to-late March while other industries have reduced capacity. Therefore, the key point to watch, right now, is whether China restart successfully its economic activity after a month of disruption and whether there is another wave of coronavirus inflections as workers return from the second half of February. Currently, it is premature to get correct answers to the above questions and we should keep following the epidemics update. In the report, we intend to deliver different scenarios for how COVID-19 could evolve, make initial assessment on Chinese manufacturing reboot as well as supporting policies of Vietnam and other countries. First of all, we believe that the global economy is in a late-cycle growth regime but there is a low possibility of a global recession in 2020. The base case is highlighted by three points:

- East Asia, Middle East, and Europe see continued growth of the virus before recording a reduction in new cases in early Q2. This can cause lower than necessary cash available in the economy because higher savings siphons money out of the systems and lowers the potential of credit creation.
- China's economic growth picks up by Q2 because of the large-scale health response and containment measures taking place.
- Demand recovery from Q3, dependent on the evolution of the disease



02 BUSINESS PLAN 2020 (continued)

MAJOR RISKS IN 2020 (continued)

Economic Growth - Supply Shock? (continued)

Three scenarios on how COVID-19 could evolve

Quick recovery	Global slowdown (BASE CASE)	Global pandemic and recession
<ul style="list-style-type: none"> Late first quarter <p>Ex-Hubei China economic restart >80% relative to pre-outbreak levels.</p> <ul style="list-style-type: none"> End of second quarter <p>Community transmissions in Middle East are controlled;</p> <p>Consumer confidence starts to return, even in setting of community transmission; consumer demand persists, especially in certain sectors (e.g., food, necessities).</p> <ul style="list-style-type: none"> Mid third quarter <p>Cases peak in multiple regions; Aviation, tourism, hospitality sectors back to normal as countries lift travel bans.</p> <p>Intra-complex transmission contained; economic impact mostly restricted to Q1.</p>	<ul style="list-style-type: none"> Late first quarter <p>Ex-Hubei China economic restart >80% relative to pre-outbreak levels slower;</p> <p>Moderate decline in private consumption and exports of service.</p> <ul style="list-style-type: none"> End of second quarter <p>China at near-complete economic restart by second quarter;</p> <p>East Asia, Middle East, and Europe see continued case growth, contributing to perception of "leakage", impacting economic growth in all three regions.</p> <ul style="list-style-type: none"> Late second quarter, third quarter <p>Consumer confidence dampened through second quarter and potentially third quarter.</p> <p>Demand recovery depends on evolution of disease;</p> <p>Impart and recovery differs by sector - e.g., aviation, tourism, hospitality sectors longer to rebound than consumer goods.</p> <p>Sustained intra-complex transmission. Globak slowdown in 2020 - growth at 1.8-2.2%, down from initial forecast of 2.5% growth.</p>	<ul style="list-style-type: none"> Late first quarter <p>Ex-Hubei China economic restart >80% relative to pre-outbreak levels;</p> <ul style="list-style-type: none"> Early second quater <p>Hubei starts return to normality.</p> <ul style="list-style-type: none"> Mid-Late second quater <p>Covid-19 continues to expand to other pats of the world;</p> <p>Global Spread: East Asia, The Middle East, and EU still record newly infected cases until the 2nd half of 2020 before seeing a drop in this number.</p> <ul style="list-style-type: none"> Fourth quarter <p>The Demand Shock lasts for the whole year: lower personal consumption, reduced export of goods & services, the financial market falls in large scale</p> <p>Consumer confidence remains anemic, although certain sectors might recover earlier; air travel restrictions remain in place until late 2020.</p> <p>Transmission jumps, new complexes. Global pandemic drives a recession that lasts bulk of the year.</p>



Although there is high expectations of a V-shape recovery once the epidemic's impact dissipate, the unknown depth and duration of the supply shock add material downside risks and encourage policy makers to deliver some financial stimulus. In terms of policy, when to respond and how to are the central questions. Since the start of trade tensions in 2018, there has been a slowdown in economic growth and trade on a global scale. Changing from normalization to easing is the most important pillar to stabilize the global economy in a late-cycle regime.

However, the current supply shock can make faster-than-expected deterioration in spending patterns before causing a mixture of demand- and supply-side shocks. Given an all-time low inflation, developed countries governments should focus on the drop in economic output. The Japanese government has just delivered an important message that officials should concentrate on boosting economic growth instead of chasing up the unimaginable target inflation of 2%. The economic growth momentum of Japan and Euro is highly connected to China's economy. While the Euro post-crisis economic recovery has been dependent on exporting manufactured and consumer goods to China, a large part of Japanese factories are located in the second biggest economy. It is unsurprising to see a technical recession in Japan and Euro in

Q1. The FED surprised the market by its latest rate cut of 0.5%. The high connection between equity performance and individuals' wealth is one of the most important reason forcing the central bank to mitigate the downside risks to consumption.

The situation is more complicated in small countries like Vietnam because of low levels of independence and resistance. There are concerns about the output and inflation trade-off in the effort to tackle the supply shock. Theoretically, the government's effort to restore the economy after the impact of exogenous negative supply shock can cause a significant rise in inflation. Stimulus policies also have limited effects on erasing economic disruption. A higher risk of inflation, nearly 6% YoY in the first two months of 2020, and lower output growth limit flexibility for policy makers. The central bank's current supporting policies intend to help companies with cash-flow problems, or those with debt service costs that are challenging if demand weakens. While countermeasures to the virus, like tax holidays or reductions of payroll taxes, it is reasonable to believe in higher spending on medical services and infrastructure. According to the Ministry of Finance, the public investment disbursement has completed 7.4% of the yearly plan in 2M2020, well above last year of below 4%. Overall, macro-economic stability has improved compared with the two previous downturns in the last decade.

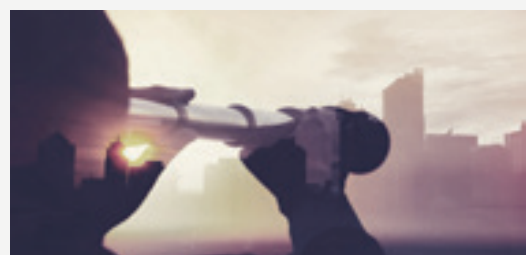
Source : McKinsey and Company, Rong Viet Securities





02 BUSINESS PLAN 2020 (continued)

DEVELOPMENT STRATEGY IN 2020 - 2025



Vision

With the vision of becoming one of the leading Investment Bank in Vietnam, Rong Viet will gradually improve this model based on three core activities: Brokerage, Securities Services - Investment Banking - Proprietary Trading, with the support and strategic direction from Research.



Strategy Objectives of Rong Viet in 2020-2025

Revenue: Target in securities companies with revenue of VND 1,000 billion.

The charter capital in 2025: Estimated to increase to VND 1,500 – 2,000 billion.

NPAT/ (ROE): average target in 2020 - 2025 reaches 8% to 15% / year.

IMPLEMENT STRATEGY DIRECTION IN 2020 -2025

Financial capacity

Currently, the charter capital of Rong Viet is VND 1,010 billion. The next target of the company is to reach VND 1,500 billion - VND 2,000 billion through issuance to strategic investors and retained earnings to ensure the ability to expand business operations in scale and meet legal regulations when operating in the relevant stock market.

Human Resource

In 2020 – 2025, Rong Viet focuses on increasing employees in quality and quantity. Rong Viet also focuses on building a well-trained, high qualification staffs that are capable of adapting to the continuous changes of fiercely competitive business environment. Besides, Rong Viet always strives to create and maintain an honest, open working environment and a place to cultivate talents encourage innovation, more commendable and importantly to convey pride, enthusiasm and determination in all areas including working and personal life.

Network

Rong Viet currently has 1 head office and 3 branches in Hanoi, Nha Trang and Can Tho. Under favorable conditions, the company may consider opening more branches in key locations such as Ho Chi Minh City and Hanoi.

Service System

Rong Viet sets a clear goal for the service system, always ensuring quality, diversity, competitiveness and meeting the standards of a true investment bank.

- Developing strengths of the extensive and prestigious relationships of the major Shareholders, BOD; along with IB capacity, Brokerage and Analysis products to form a diversified and quality system of products and services to customers.
- Rong Viet aims to be leading company with stable IT system which is able to handle a large volume of online transactions.
- Investing in developing new features of the online transaction system, increasing the ability to connect and interact with customers.
- In addition, the ability to provide services is the ability to control and manage risks in a proactive and effective manner.

Capital Strategy

In order to meet the business demand, Rong Viet needs to gradually raise its charter capital to VND 1,500 billion by 2022, aiming to raise its charter capital to VND 2,000 billion to improve financial capacity and competitiveness. To do this, Rong Viet will deploy to raise charter capital by seeking long-term strategic partners. Capital structure is prioritized for orientation: focus on Brokerage Business, Investment, Investment Banking and other brokerage support activities such as margin, advanced, invest in IT and other services...





02 BUSINESS PLAN 2020 (continued)

BUSINESS PLAN FOR 2020

Rong Viet's targets in 2020

The development of the Covid-19 pandemic has upset all forecast, and all plans must be revised. The Vietnam stock market has experienced one of the largest loss due to the pandemic. It was difficult to stabilize the market sentiment and investors preferred to keep cash on hand rather than to invest. The slow and unstable World economy all led to challenges for the management activity. Given the situation, Rong Viet has identified the following major points:



Revising the target for growth: When this report is being written, all growth plan set at the end of 2019 has been under review to make adjustment for the new situation. This is the time for restructuring and focusing on Rong Viet's core values, taking proactive measures to seize the opportunity arising from a difficult situation.



Managing the business from a flexible perspective: The fast changing environment made the pre-set target become impossible. However, a contingency plan has been built to prepare for the worst case scenario. In addition, all funding and resource has been continuously adjusted to secure the new targets.



Building a strong team in terms of both human resources and technology: The staffs have been trained to stay focused and ready to adapt to new changes, and the IT infrastructure has been set to support new business activities. This is the time when all preparations of Rong Viet will reflect their values.

Based on those major points, in 2020, Rong Viet will focus on reviewing and restructuring all of its functions. In addition, due to high competition from foreign securities companies, Rong Viet will adjust its business direction as follows:



Charter Capital: Stay at the current value of VND **1 trillion** (~USD 45 million).

Revenue: : at least VND **313 billion** (~USD 14 million).

Profit before tax: at least VND **45 billion** (~USD 2 million).

Revenue breakdown

Brokerage:

- Expected market average liquidity: VND 5 trillion (~USD 223 million) per trading day.
- Rong Viet's Market Share: 1.7%-1.8%.

Securities Services: Total margin lending value VND 1,600-1,800 billion (~USD 71 – 80 million).

Investment Banking: Total revenue VND 5 billion (~USD 250,000)

Capital needs: Expected borrowing value: VND 800 – 850 billion (~USD 35 -37 million) with the average interest rate of 9%

Branches: Profitable

Financial Plan

NAME	2019 RESULT	2020 PLAN	% 2020/2019
Total Revenue	343,318	313,000	91.17%
Brokerage	77,238	77,000	99.69%
Securities Services	231,702	199,000	85.89%
Proprietary Trading	17,264	20,000	115.85%
Investment Banking	2,508	5,000	199.38%
Others	14,606	12,000	82.16%
Total expenses	300,815	268,000	89.09%
Profit before tax	42,503	45,000	105.87%



02 BUSINESS PLAN 2020 (continued)

INTERVIEW WITH KEY MANAGEMENT POSITIONS



MR. NGUYEN MINH NHUT
Deputy General Director

“

Giving the fact that the Global Financial Market is heavily affected by the Covid-19 pandemic, what is your opinion about “There will be opportunities in difficulties” for the IB Division in this year 2020?

In the situation when the Covid-19 pandemic has spread all over the World and gotten worse, the fact that all countries have applied more quarantine measures to fight the disease have had a significant impact on the trading around the Globe. With a fear of a worldwide economy depression, all major indices on the World have had the largest decrease since the great crisis in 2008.

In Vietnam, the Covid-19 pandemic has directly and indirectly affected all businesses such as tourism, transportation, logistics, retail, export, investment, and even banking – finance. Many

companies had to reduce their capacity, and the supply chain was disrupted on a large scale, especially with companies in the textile industry, agriculture, tourism, and retail that depended greatly on foreign materials and markets.

Facing a potential risk of a global crisis, companies must be prepared using the current resources, avoid negative thoughts, and actively seek for solutions to overcome the difficulties ahead. As for the IB Division, it needs to focus on the following things to seize the opportunities during the Covid-19 pandemic:

- Review and upgrade all products and services of the IB Division, focus on internal training in order to improve the professionalism and ability of the workforce.
- Review and categorize the database of potential clients: The Covid-19 pandemic is expected to last until the 2nd quarter of 2020, all industries that were directly affected such as tourism, restaurant, hotel, logistics, real estates, etc. will need capital to restructure, or even sell assets. In order to catch the opportunity and arrange the capital, the IB Division needs to:
 - Identify companies with good assets and have the need to raise capital or sell assets / company;
 - Identify potential buyers: Banks, Insurance companies, investment funds, other institutions / individuals with financial capability and needs of M&A companies / projects.
 - Prepare all necessary procedures and forms to perform the capital arrangement or M&A when the transaction happens.
- As for the Financial Advisory Service: Continue to maintain the current products, focus on listed companies and potential listing companies to capture their needs as well as develop a competitive rate in order to gain more clients and explore new opportunities for capital arrangement and M&A services.

By proactively capturing the opportunities in the upcoming situation, the IB will have a chance to shine in the year 2020.



02 BUSINESS PLAN 2020 (continued)

INTERVIEW WITH KEY MANAGEMENT POSITIONS (continued)

“

The complex development of the Covid-19 pandemic has had a significant impact on the stock markets around the World. What is your opinion about Rong Viet's brokerage business in the year 2020?

The Covid-19 has made a heavy impact on over 200 nations around the World. The number of infected cases and even deaths has been growing every day. Between the well-being of the people and economic development, most nations have chosen to sacrifice short-term economic gain to overcome the pandemic as soon as possible. As a result, the damage to the economy is expected to be tremendous. There has been many forecast that an economic recession or even depression might be inevitable in 2020.

The unfortunate thing for Vietnam is that all of

its business partners and investors are struggling to fight the pandemic. Many countries are in the situation of an outbreak and have difficulties winning control. Although some Asian countries such as China, Japan, and Korea have partly contained the pandemic, the rest of the World is not doing so well, and this situation can last for a few more months, at least until the end of the 2nd quarter.

The longer the pandemic lasts, the worse the business results of listed companies will be. Some companies are forecast to have a negative growth this year.

As a result, the brokerage business will face many challenges in the year 2020, at least for the first 06 months of the year. The reason is that the brokerage activity depends heavily on the movement of the VN-INDEX while the index itself and the World indices have experienced a record loss in dozen of years. It is not sure neither how much further the index will drop nor for how long.

In addition, the trade war between the US and China has not come to an end, the oil price war between Russia and the OPEC continues, and the wide fluctuation of the gold price as well as the exchange rate are important factors that will have a negative impact on the Vietnam stock market.

However, with the mentality of "There will be opportunities in difficulties", Rong Viet Securities have gone through at least 02 major crisis (2007 – 2008 and 2011-2012). The brokerage business has have experience from the past, so it can improve its weaknesses and focus its strengths. Ever since the beginning, system security has always been given the top priority. It has been reflected by complying with the Laws, investing in the IT system, improving Research, avoiding unhealthy competition such as high margin or zero fees, and by focusing on effectiveness and long-term sustainability to be the guideline for the business.

Another advantage is that the market liquidity in March is at the highest level in 03 months of 2020. The market liquidity has been improving over time, and if it can maintain the pace, the brokerage business will benefit from the commission.

The loss of the stock market also presents a good opportunity that has not been seen in many years for investors who have not participated on the market. As the matter of fact, many new investors have been participating on the market.

Overall, the Vietnam stock market is going through one of the toughest time in recent years, but it is not a dead-end for the brokerage business and its personnel. It is a chance for the brokers to improve their advisory ability, increase the interaction with their clients via online applications, bringing investment opportunities to their clients based on the Company's advantages (not all securities companies possess these). When the brokers can do so, they will be able to perform and sustain with the business. If each broker can perform well, the brokerage business will be able to sustain and growth in the next period which will provide many opportunities.



MR. NGUYEN CHI TRUNG
Deputy General Director



02 BUSINESS PLAN 2020 (continued)

INTERVIEW WITH KEY MANAGEMENT POSITIONS (continued)

“

The competition on commission rate and margin lending rate has been very fierce on the market. In your opinion, how will it affect our Company?

First of all, in the free market economy, the competition on price has been around forever, so the competition on commission rate and margin lending rate (can be understood as the selling price to clients) in the stock market is no exception. Furthermore, it has been fierce not only now but also since the beginning. In the past, there have been cases when securities companies offered low prices (commission rate, margin rate) on the market. The purpose of this tactics was to attract more clients, gain market share, and increase revenue. Recently, some foreign securities companies, mostly from Korea, with the strength of low cost of capital from parent company, have offered margin lending rate around 30%-40% lower than the average level.

As for the commission rate, some Vietnamese securities companies, in order to gain market share and attract foreign investors, have offered lower rate or even zero rate to clients. However, “there is no free lunch”, clients will have to use other services with a higher fees than average if they choose to trade through those companies.

In the first 02 or 03 years, the price competition policy might be effective to attract employees and gain market shares. However, in a long run, companies without a suitable business strategy will run into difficulties with is policy. Other new players on the market will also offer lower prices. By nature, the commission collected is directly linked to the brokerage team and the Research team. By reducing the commission rate, the income and quality of these employees will be affected.

Over the past years, very few companies can maintain this policy for a long time. Many of them will have to get back to the normal rate or set other conditions for clients to be qualified for such low rate. As the matter of fact, securities companies operate not on based on capital but also on the quality of the staffs, the IT system, etc. and the most important factor is the effectiveness. As a result, securities companies cannot sustain their business based on price competition.

The pressure from this competition actually helps securities companies such as Rong Viet to identify its strength and improve to become more effective and determined. This, in turn, will create a competitive advantage over those short-term oriented companies.

What is the direction for the brokerage business of Rong Viet in this time and in the near future?

The brokerage business, in any given time, depends on the 03 fundamental factors: (1) – Effective advisory, (2) – Convenience of Trading and (3) – Reasonable service price. In this time, Rong Viet’s brokerage business is facing 03 challenges: (1) The unpredictable movement of the stock market due to newly developed factors; (2) the fast and wide development of the 4.0 revolution that requires new products and services that can satisfy new demands; and (3) the competition from foreign securities companies with huge capital. The situation requires us to overcome those challenges while complying to the Laws in order to develop the brokerage business.

The ultimate mission of the brokerage business is to provide clients with effective advisory service that can yield the highest return. In order to achieve this, we have focused on investing in the Company’s research team in a well-structured way to provide investment ideas for the brokers as well as clients. In addition, the Company has constantly provided training to the brokerage team via regular training sessions, presentations, and outsourced courses in order to improve their professionalism, attitude, and competitiveness so that they can satisfy the investment needs of clients in this complex market.

In order to increase the convenience for clients, Rong Viet focus on building an online system that can satisfy all clients’ needs based on 03 main factors: (1) The online trading system; (2) The online training & information system; and (3) the online products and services system. This will improve the interaction between the Company’s personnel with clients, helping them with their investment decisions, and in turn yield the higher returns.

As for the service fees, even though the Company is facing fierce competition, especially from foreign securities companies with large capital that are willing to offer low rate or even zero rate to gain market share and attract current clients, Rong Viet will not participate in such competition. In the short term, this might cause huge pressure on the Company in terms of retaining clients; however, the Company chooses to focus on the remaining 02 factors mentioned above, so we will maintain a reasonable rate for all parties. In the long term, the strategy is expected the yield good results.





02 BUSINESS PLAN 2020 (continued)

INTERVIEW WITH KEY MANAGEMENT POSITIONS (continued)



MS. NGUYEN THI THU HUYEN
Deputy General Director

“

Heavily investing on the IT infrastructure since the beginning, in your opinion, does Rong Viet have the ability to react to the fast changing environment and demand on the stock market?

In terms of infrastructure:

IT is one of the most important area that Rong Viet has always been focusing on since the beginning.

All important functions and activities are maintained in 02 parallel system that will back up one another. In terms of capacity, the system is operated at around 30% of total capacity, meaning that the system is able to process the number of transactions that is 300% of the current level.

In the past 02 years, the Company has built a backup database at the Quang Trung software park. This will enable the Company to restore any data in the shortest time in case of emergency

In terms of software:

The Core System, which is provided by the vendor transaction Technologies Limited (TTL) from Hong Kong who has many years of experience on the World stock market, has been running stably in over the past 10 years.

In addition, the Company's IT team with many years of experience has been able to build various applications and systems that enable an effective management system. Rong Viet's system has the ability to adapt smoothly and quickly to changes and new demand on the stock market.

What is your evaluation on the products & services that Rong Viet has been providing to its clients?

”

“All of Rong Viet's staff continuously innovate and take actions in order to create the highest value for Clients, Shareholders and Employees while contributing to the development of the Vietnam Stock Market as well as sharing responsibility with the community and society for the development of the country.”

_Rong Viet's Mission Statement

Ever since the beginning, all of Rong Viet's products and services were built with the ultimate goal: “To create the highest value for Clients.” The Company's current products and services are sufficient, various, and user-friendly in order to satisfy all trading demands of clients. However, in the new era of the Internet, large data technology and artificial intelligence, the act of using technology to build a portfolio based on each client's habit, trading behavior, and risk tolerance level and algorithm trading is an inevitable trend. This is what Rong Viet has been pursuing in order to provide clients with an optimized product.

- The Company's fee schedules is quite competitive: The average commission rate is 0.17%, and the average margin lending rate is 11% per annum. Rong Viet also provides various margin-related products (MarginDragon Suit, MarginDragon Flex và MarginDragon Plus) with different rate that will satisfy different needs of clients.
- The online trading platform is fast, stable and secured: Clients do not have to come to Rong Viet's office to perform various trading related activities such as order placement, cash transfer, or other functions. All can be done using smartphones or tablets.
- All products are offered: Rong Viet can provides clients with all products available on the market such as: listed equities, derivatives, covered warrants, open-ended fund certificates, auctions, etc. All trading needs of clients will be satisfied.
- Featured Products:
 - The online trading platform: The smart price quote “liveDragon”; the web-based only trading platform “iDragon”; the mobile application “goDragon” and “tabDragon” for smartphones and tablets. Rong Viet's trading system is highly regarded by Clients thanks to its user-friendly interface, high processing speed, and stability. All systems are updated frequently with new features.
 - liveAccount: The online account opening service with many functions that are easy to use. It only takes 07 minutes for clients to register and use various services such as margin, ETA, online cash transfer, etc.
 - chatDragon: Clients can send their requests to Rong Viet and receive assistance conveniently and quickly. The system will recognize clients if they login using their accounts at Rong Viet for more in-depth assistance.
 - Client Reward Program: At the time when the program was launch (March 2015), Rong Viet was the first securities company to provide such program on the market. After 05 years, over 70,000 clients have been ranked and rewarded with different features such as securities service, client service, advisory service, and gifts & vouchers.



02 BUSINESS PLAN 2020 (continued)

INTERVIEW WITH KEY MANAGEMENT POSITIONS (continued)

“

There will be opportunities in difficulties”: Is this the right time for the IT system that Rong Viet has been investing over the past 10 years to show its full potential?

As what the Management of the Company has planned, Rong Viet focuses on products and services that can be provided to clients via the Internet. As a result, in the case, that Rong Viet’s office is inaccessible, the system can still satisfy the investment needs of clients.

With the IT infrastructure and the applications that have been well prepared, this is the time when Rong Viet’s IT system can perform despite the market condition. After concluding that the working environment needs to change due to the situation, the system is switched to remote access without any further investment.

Specifically, the IT team has helped other functions to access remotely from their home computers so that they can use the database and other application as if they are working in the office. There has also been a testing phase so that all issues can be fixed and the whole process can run smoothly, ensuring the productivity of all Rong Viet’s staffs.

After the testing phase, Rong Viet is confident about the stability, accuracy of the system. Either working in the office or working from home, all products and services will be provided to clients with the highest quality.

ONLINE SERVICES





02 BUSINESS PLAN 2020 (continued)

INTERVIEW WITH KEY MANAGEMENT POSITIONS (continued)



MS. NGUYEN NGOC VAN PHUONG
Human Resource Manager

“

Human Resource Management amid the Covid-19 pandemic: What are the difficulties and what strategy does Rong Viet use to optimize its operations?

Currently almost all economic experts say that the Covid-19 pandemic will have a significant impact on the World economy in general and the Vietnam economic in specific due to the fact that all aspects of the economy will be affected. In fact, companies are suffering due to these impacts. A number of companies have to close or reduce operation scale to reduce cost or even temporary shut down due to lack of materials. Millions of labors are endangered due the impact of the pandemic.

Facing these difficulties, many companies have to lay off or change their business model to reduce costs. All recruitment and training activities have to be adjusted to ensure efficiency.

It is obvious that the Covid-19 pandemic not only affects a number of sectors such as aviation, tourism, hotel & restaurant, etc. but also creates a crisis in terms of human resources for many mid & small size companies as well as startups.

In this situation, companies in general and Rong Viet in specific have to develop a backup plan in order to ensure the continuity of its business.



Different companies choose different approaches to solve this issue based on the nature of the business they are in. As for a securities company like Rong Viet, the following measures have been taken to ensure the optimal operation:

- Frequently updating about employees health status and reminding them about the situation as well as raising the awareness in protecting themselves and people around them.
- Keeping the work place at the highest hygiene level to ensure the safety of employees.
- Maintaining the full compensation & benefit policy to employees.
- Encouraging employees to work from home to reduce large gathering as well as preparing backups for any case of quarantine.
- Preparing the IT infrastructure to enable working from home as well as smooth trading for clients.
- Encourage clients to trade online in order to reduce the risk of infection among the community in general and between clients and Rong Viet's employees in specific.

With a detailed preparation and in-time actions, Rong Viet hopes that it can contribute in the efforts to fight back the pandemic and reduce the impact on the Company as well as its employees.



CHAPTER 3

CORPORATE GOVERNANCE

- BOARD OF DIRECTORS (BOD) INTRODUCTION
- THE BOD'S REPORT
- SUPERVISORY BOARD INTRODUCTION
- SUPERVISORY BOARD'S REPORT
- REMUNERATION AND BENEFITS OF THE BOARD OF DIRECTORS & SUPERVISORY BOARD
- BOARD OF MANAGEMENT INTRODUCTION
- RISK MANAGEMENT ACTIVITY
- STOCK INFORMATION & INVESTOR RELATION ACTIVITY

01 BOARD OF DIRECTORS (BOD)

INTRODUCTION



**MR.
TRAN LE NGUYEN**

Chairman

An experienced entrepreneur with a track record of building large and profitable businesses, Mr. Nguyen has successfully led and managed KIDO since its founding.

Mr. Nguyen currently serves as the Vice Chairman of the Board of Directors and as the CEO of KIDO. He is an active member of the board of directors for the Vietnam Chamber of Commerce and Industry (VCCI) and is represented in the boards of several major corporations in Vietnam.

Mr Nguyen has been elected the Chairman of Rong Viet Securities from 28 Oct., 2015.

Mr. Nguyen holds a Bachelor's Degree in Marketing Management.



**MR.
NGUYEN MIEN TUAN**

Vice-Chairman

Mr. Nguyen Mien Tuan is one of Rong Viet Securities' founding shareholders. He has over 18 years of experience in investment, banking, securities and the capital market in Vietnam. Prior to founding Rong Viet Securities, he worked for the Hochiminh Stock Exchange and then as Investment Manager of Sacombank.

Mr Tuan Nguyen is Vice-Chairman of RongViet Securities' Board of Director, office term 2012 - 2016. Mr Tuan Nguyen is also a member of the Board of Directors of Pymerpharco and Sacombank (STB).

He holds a Master degree in Finance and Banking from HCMC Economics University.



**MRS.
PHAM MY LINH**

Member of Board of Directors

Mrs Pham My Linh is currently General Director of Hoang Trieu Co.,Ltd.

Mrs Linh joint RongViet's Board of Directors for the 2017 – 2021 office term in March 2017.



**MR.
KELLY YIN HON WONG**

Member of Board of Directors

Mr. Kelly Wong joined KIDO Group in August 2011. Prior to joining KIDO, Mr. Wong was a Managing Director of Ho Chi Minh Securities Corporation (HSC). Before joining HSC in 2008, Mr. Wong worked for HSBC Vietnam for 6 years where he was involved in corporate commercial banking and global markets. Mr Wong joined the Board of Directors of RongViet Securities as a member on 28 Oct., 2015.

Mr. Wong holds a Bachelors of Commerce from the University of British Columbia in Vancouver, Canada and a Diploma in Asia Pacific Management from the McRae Institute of Management at Capilano University.



**MR.
NGUYEN QUOC BAO**

Member of Board of Directors

Mr. Bao is currently Chairman of the Board of Directors of Thanh Cong Mobile JSC.

He joint RongViet's Board of Directors for the 2017 – 2021 office term in March 2018.

He has a Master degree in Business.



**MR.
NGUYEN HIEU**

Member of Board of Directors - General Director

Mr. Nguyen Hieu has over 21 years working in the financial and securities market. Joining RongViet Securities in its very first days as Deputy General Manager, Mr Hieu has contributed greatly to the development and expansion of the company.

He was entrusted as the RongViet General Manager since September 18th 2012 and appointed a BOD member on March 15th 2014.

Mr Hieu has a Master degree in International Business from Curtin University of Technology - Australia.



**MR.
VO LONG NGUYEN**

Member of Board of Directors

Mr Vo Long Nguyen has been working in investment industry for more over 18 years. Mr Nguyen is currently General Director of Tan Hiep Tin Investment Joint Stock Company. He joint RongViet's Board of Directors for the 2017 – 2021 office term in March 2017.

He has a Bachelor's Degree in Business Administration.

02 THE BOD'S REPORT

EVALUATION OF THE BOD ABOUT RONG VIET'S OPERATIONS IN 2019

Vietnam's macroeconomic stock market in 2019

Vietnam's stock market closed in 2019 with growth of nearly 8% compared to the beginning of the year. The VN-Index closed the last trading session of 2019 at 960.99 points, up 68.45 points (+ 7.7%) compared to the end of 2018 (892.54 points). HNX-Index decreased by 1.72 points (-1.65%) to 102.51 points (2018 - 104.23 points). UPCoM-Index increased 7.06% to 56.56 points (2018 - 52.83 points). Liquidity on the stock market reached VND 4,641 billion / session, down 29% compared to the average in 2018 (VND 6,548 billion / session).

The highlight of the past year could not help but mention the flow of ETFs, according to statistics, ETFs have net bought nearly USD 230 million on Vietnam's stock market, equivalent to VND 5,300 billion on the total foreign net buying of VND 7,000 billion in 2019. Domestic fund VFMVN30 ETF is the most prominent name among ETFs present on Vietnam's stock market last year with its net issuance of fund certificates amounted to USD 101.2 million (about VND 2,347 billion), which was even larger than Vaneck Vectors Vietnam ETF (VNM ETF) at USD 100.9 million.



BUSINESS RESULTS 2019

Total revenue: VND 343.3 billion
Down 20.9% compared to 2018, reaching 78.2% of the business plan (VND 439 billion)

Profit before tax: VND 42.5 billion
Down 50% compared to 2018 and only reaching 35.4% compared to the plan of VND 120 billion.

Profit after tax: VND 34.6 billion
Reaching 36% of the plan of VND 96 billion approved at the General Meeting of Shareholders.

Total cost: VND 300.8 billion
Equal to 94.3% of the plan (VND 319 billion).

SUPERVISION ACTIVITIES OF THE BOARD OF DIRECTORS TO THE BOARD OF MANAGEMENT OF THE COMPANY

In 2019, the Board of Directors (BOD) supervised the activities of the Executive Board (Board of Management) in implementing decisions made at the General Meeting of Shareholders and the Board of Directors, specifically as follows:

Supervision methodologies

The BOD collaborates with the Supervision Board in supervising activities of the Executive Board in implementing decisions made at general meetings of shareholders, and strategies made by the Board of Directors. As a result, the Board of Directors organizes regular meetings or extraordinary meetings, in order to make timely suggestions for the Executive Board. In every meeting, the Executive Board has to report operational activities of the company, report results in implementing assigned responsibilities, and review the implementation of decisions and assigned responsibilities from Board of Directors.

In order consolidate the supervision of Board of Directors, Rong Viet has 2 sub-boards and 1 council directly under Board of Directors, with different specializations. These sub-boards and board have the responsibility to make regular reports and suggest recommendations for the Board of Directors. Specifically:



The Human Resources sub-board suggests promotions of management executives, advises Board of Directors about salary, compensation and other welfare policies for staffs in 2019.



The Risk Management sub-board advises Board of Directors in risk management practices, ensuring all business activities of Rong Viet Securities are under the risk limits, and suggests recommendations for improvement and minimizes potential risks.



The Investment Council helps Board of Directors in managing all investment activities including: stock evaluation and recommendation, investment decision making, and ensuring efficiencies of the proprietary trading department.

The Board of Directors will consult the Supervision Board, and its sub-boards to evaluate the activities of the last period, and the feasibility of the plans for the next period so that they could make timely suggestions for the Executive Board. Simultaneously, the Board of Directors also makes evaluation and strategy based on the market conditions and economic variances, so that the Executive Board has different plans for different scenarios, ensuring the ability to complete the targets assigned by the Board of Directors under any scenarios.

02 THE BOD'S REPORT (continued)

SUPERVISION ACTIVITIES OF THE BOARD OF DIRECTORS TO THE BOARD OF MANAGEMENT OF THE COMPANY (continued)

Supervision results

Business results in year 2019 with key financial indicators as listed:

Unit: VND millions

Item	Plan 2019	Result 2019	% Result/ Plan 2019
Revenue	439,000	343,318	78.20%
Profit before tax	120,000	42,503	35.42%
Profit after tax	96,000	34,645	36.09%

Conclusion:

Based on responsibilities of the Board of Directors and the General Director specified in the Company Charter, in 2019, the Board of Directors has supervised the General Director in the following areas: Implementation of business plan for 2019; Implementation of decisions made at the Annual General Meeting (AGM) in 2019 and decisions made by the Board of Directors; Operation of daily business activities. Through the mechanism of checking, monitoring and reporting regularly each month on business results, daily operations of the Company and unexpected reports when required, the Board of Directors assessed that the General Directors has implemented its assigned rights and duties seriously in accordance with the current law, as well as the Company's Charter and resolutions of the General Meeting of Shareholders.

In addition, the Board of Directors has exercised the rights and responsibilities assigned carefully and professionally to ensure the maximum legal interests of the Company and the Shareholders. Although the Board of Directors has made every effort, but due to unsatisfactory market situation, it has not achieved the business plan approved by the General Meeting of Shareholders. Furthermore, the increasing competition in the industry with the participation of foreign companies with capital and technology strengths also significantly affects the activities of the Company. However, the General Director and the Board of Directors have done well in building a business environment, maintaining a sustainable development orientation and improving the corporate governance.

PLAN OF THE BOARD OF DIRECTORS

In 2020, Vietnam's stock market continues to face risks and instability greater than 2019 when the US-China trade war is still prolonged, alongside with an unstability in the Middle East and especially the Covid pandemic - 19 global outbreak, heavily affecting the world economy in general and Vietnam's economy in particular.

In that context, in 2020, with the goal of ensuring Rong Viet's business operation must be Safe-Efficient and Sustainable Development, the Board of Directors will focus on strengthening and reorganizing the Company's business structure, reorienting all business activities, focusing on effective operation activities and promoting the strengths of Rong Viet in the workforce and customer network..., making proper use of the Company's resources, aiming at enhancing performance productivity. On that basis, the Board of Directors will focus on directing the implementation of the following major solutions:



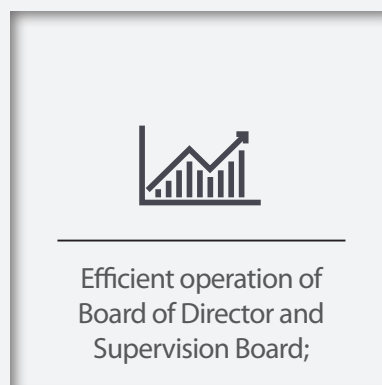
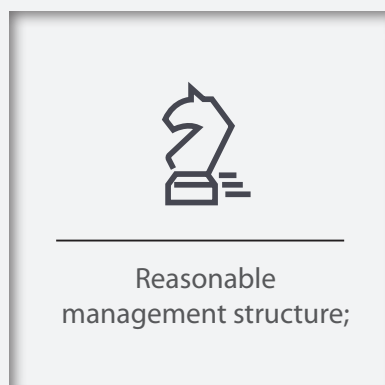
- 01 Actively direct the Executive Board to strengthen the activities that are generating the main revenue for the Company, which is brokerage and securities services in the direction of streamlining the business structure, increasing the quality of products and services ... to help customers invest effectively, thereby helping Rong Viet Securities retain existing customer base and attract new customers.
- 02 For investment banking activities: Direct support to the Executive Board to restructure activities towards promoting the development of M&A activities and capital arrangement, employ qualified and experienced personnel in the operation of M&A activities and capital arrangement, expanding partnerships to potential markets for this activity, aiming to gradually increase the proportion of revenue contribution of investment banking activities.
- 03 For proprietary trading activities: Directing the Executive Board to proactively tracking enterprises' business performance and market movements to increase average profitability on invested capital, and at the same time closely manage risks in the context of complex market volatility.
- 04 Directing and supporting the Executive Board to pay attention to boosting the service business activities at branches, ensuring that all branches conduct profitable business activities.
- 05 Increasing the Company's capital: In 2020, Rong Viet Securities does not have a plan to increase charter capital, so the Board of Directors will increase its support to the Executive Board in arranging and seeking capital from banking channels and corporate bonds to ensure the Company has sufficient resources to provide the best financial products and services to customers.
- 06 Enhancing training to improve knowledge, skills and team development, creating a successor generation for the future. Attracting and recruiting high-quality personnel, especially the investment banking staff, to increase Rong Viet's competitiveness in this business.
- 07 Continue to invest and upgrade the Information Technology Infrastructure system to improve system's stability and security, and develop add-on services functions, thereby step by step improve the Company's competitiveness in providing products and services to customers.
- 08 Consolidating the risk management system of the company, ensuring that all activities of the company are operated in a safe and compliant manner. In particular, financial support activities and proprietary trading activities need sufficient capital and efficient operation.

02 THE BOD'S REPORT (continued)

MANAGEMENT ACTIVITIES 2019

The Board of Directors is aware that building an efficient management system is a top priority for the Company. With an efficient management system, the Company will gain benefits such as higher efficiencies, better access to the capital markets, lower capital cost, higher asset values, higher credibility on the market.

According to good corporate governance practices in the world, Rong Viet aims to maintain the following 5 values in its management system:



Promotion of relationships between the company, shareholders and investors

Rong Viet Securities strives to ensure basic rights and benefits of shareholders are protected in compliance with the Laws including: ownership registration rights; ownership transfer rights; rights to access information about the company in a timely and regular manner; rights to attend and vote at annual general meetings; rights to vote for appointment and dismissal of members of Board of Directors; and rights to benefit from Company's profit.

Rights to receive dividend

When investing in a stock, investors become shareholders of the company, and benefit from rights attached to the stock. Within that, the most important right to all shareholders is the right to share profit of the company, via annual dividends payment.

In 2019, the Board of Directors has paid dividends to shareholders, specifically:

Dividends in 2018: The Board of Directors has completed the payment of cash dividends at the rate of 7% to shareholders:

- Stage 1: January 30, 2019, Dividend rate: 5%
- Stage 2: May 27, 2019, Dividend rate: 2%

Dividend advance in 2019: based on the Decision of the General Meeting of Shareholders, the dividend payment in 2019 is expected to be 8%, and authorize the Board of Directors to decide on the rate and time to make the advance. Dividends for shareholders in 2019. Based on the Company's business results in 2019, on December 9, 2019, the Board of Directors agreed to advance the 2019 dividends to shareholders, specifically:

- Dividend rate: 3% par value (01 share receives 300 dong)
- Subjects of payment: Shareholders whose names are on the list of dividend payment at the closing date
- Date of dividend advance payment: January 6, 2020.



02 THE BOD'S REPORT (continued)

MANAGEMENT ACTIVITIES 2019



Rights to attend annual general meeting

Each year, Rong Viet Securities organizes annual general meetings according to the regulations. The 2018 annual general meeting was organized on April 18, 2019. All procedures including notification, compilation of the shareholder list, event preparation, and discussion content complied with the regulations to ensure the justifiable rights and benefits of shareholders, including the rights to vote for appointment and dismissal of members of Board of Directors, rights to approve business plan of the company in the next year, and rights to approve amendment of the Company Charter.

All shareholders listed in the shareholder list as at the last registration date March 25, 2019 provided by Vietnam Securities Depository (VSD) received sufficient information about date, time and requirements to attend the annual general meeting, discussion content of the meeting, meeting materials, and registration method in the invitation letter. The invitation letter and all meeting materials

are published on the company's website on April 1, 2018, 17 days before the meeting date, with all reports, releases, and drafts used in the meeting, in order to ensure that the shareholders have sufficient information about discussion matters in the meeting.

According to the policies regarding procedures and voting at the meeting, each shareholder register for attendance at the meeting will be provided with a voting card. On each voting card, there is sufficient information about the shareholder and matters requiring for approval in the meeting. The meeting chairs are comprised of 3 people, including Chairman of the Board of Directors, Vice-Chairman of the Board of Directors, and General Director aka Member of the Board of Directors.

After the end of the meeting, a meeting minute and 2018 annual meeting decision was published on the company's website in 24 hours.

Fair dealing among shareholders

In order to consolidate trust of shareholders, the Company strives to ensure fair dealing among all shareholders. Specifically, the Company Charter approved on April 18, 2019 met all requirements from Corporate Laws, Securities Law and related regulations. Besides, Rong Viet Securities also has a management system compliant with regulations on public companies. These regulations are unfailingly met by Rong Viet Securities and applied in all aspects of operations and management of the Company.

The Company Charter specifies such regulations as prohibition of insider trading. The BOD and Executive Board must make announcement about any related benefits. The BOD must practice the followings: ensuring fair dealing among all shareholders; staying objective on evaluation and facilitation of information to all shareholders; making timely and accurate announcement; applying of codes of conducts; and completing of responsibilities as defined in the annual general meeting.



Roles of related parties

Related parties include all groups such as shareholders, investors, clients, staffs, banks, suppliers, regulators, and communities.

Each and every group has its impact on the business activities of Rong Viet in various aspects. Clients is the major group bringing revenues to the company; shareholders, investors, and banks provide capital; and regulators have the responsibility to issue policies that ensure the sustainable operation of the market.

As a result, Rong Viet unfailingly respects and promotes interests of related parties, ensuring that the Company's activities are constructed based on mutual benefits, and striving towards a sustainable development.

02 THE BOD'S REPORT (continued)

MANAGEMENT ACTIVITIES 2019 (continued)



Information disclosure

Rong Viet is aware of the importance of adequate, accurate and timely disclosure of information, as it not only consolidates trust of shareholders, customers, and related parties, but also promotes the brand of Rong Viet on the market and among regulators. This is demonstrated via Rong Viet's naming on the list of companies with the best annual reports in consecutive years. This is considered a recognition of the company's efforts to maintain transparency throughout its operations.

In order to promote transparency in all activities, all disclosure policies of Rong Viet comply with current regulations, ensuring the highest rights and benefits of shareholders, investors and related parties. All information about Rong Viet is published on the company's website (at the address <https://www.vdsc.com.vn/vn/newsLocal.rv>), website of Ho Chi Minh City Stock Exchange (HoSE), and website of State Securities Commission of Vietnam (SCC). Accordingly, all related parties have access to information disclosed by Rong Viet. Besides, on a 6-month basis, Rong Viet publishes its management report as required by regulations, with information about management activities in the period, together with the list of internal personnel, stock trading activities of these internal personnel and their related people. These stock trading activities by internal personnel and major shareholders are also published on the company's website (at the address <https://www.vdsc.com.vn/vn/shareInfo.rv>).



Via its disclosure policies, the Executive Board of the company demonstrates its reporting responsibility before shareholders, maintain trust of customers, partners, and investors in the brand Rong Viet. Besides, the disclosure also assists related parties in coming up with timely evaluation, with time to adjust to changes in the policies and activities of the company.

02 THE BOD'S REPORT (continued)

MANAGEMENT ACTIVITIES 2019 (continued)

In 2019, the Board of Directors continued to maintain the same number of 7 members. Rong Viet's Board of Directors member structure always ensures the mutual complementation among members diverse experience in finance, securities and law. In addition, there was a symmetry among management non-management members, members in non-management board, and independent members. Below is the list of members in the Board of Directors of Rong Viet, with ownership percentage and voting rights each member represents:



No.	Full Name	Member			Ownership	
		Independent	Non managing	Managing	Ownership %	Represented %
1	Mr. Tran Le Nguyen		✓		18.02%	-
2	Mr. Nguyen Mien Tuan		✓		17.79%	-
3	Mr. Kelly Yin Hon Wong		✓		-	-
4	Ms. Pham My Linh		✓		11.91%	-
5	Mr. Nguyen Hieu (*)			✓	0.05%	-
6	Mr. Vo Long Nguyen	✓			-	-
7	Mr. Nguyen Quoc Bao	✓			-	-

Notes: (*) Mr. Nguyen Hieu is the current General Director of Rong Viet Securities.

Changes in member composition

Currently the Board of Directors still has 7 members, with 4 non-management members, 1 management member, and 2 independent member. Rong Viet's Board of Directors remained unchanged in 2019.

Board Chairman no cum General Director

Rong Viet is aware that major responsibilities of Board of Directors are to direct Executive Board for efficient business activities, reaching targets set by the Annual General Meeting and by the Board of Directors. As a result, this responsibility would be challenging if the Board Chairman is also the General Director, in charge of the daily operations of the company.

Accordingly, in order to maintain independence and accountability between Board Chairman and General Director, Rong Viet has always separated the two roles in the past years. This facilitates separate power in decision-making, increasing responsibilities and supervision capabilities among management members, ensuring the most efficient operation management activities.

Roles and responsibilities of Board of Directors

According to the Corporate Laws in 2014, and the Company Charter, the Board of Directors is the management body of the company, with the legal right of the company to make decisions regarding the company's rights and responsibilities not belonging to the Annual General Meeting.

When implementing their responsibilities, the Board of Directors abide by regulations, the Company Charter and decisions of the Annual General Meeting. In case decisions of the Annual General Meeting conflict with the regulations or the Company Charter, causing damages to the company, members approving the decisions have the joint responsibilities to account for the damages and compensate for the company.

Activities of the Board of Directors

In the past year, Board of Directors of Rong Viet has focused on directing, supervising, and making timely suggestions for the Executive Board, via decisions related to the business activities, investment strategies, organization of the internal system, and other major matters under the responsibilities of the Board.

The Board of Directors organized 09 meetings in 2018 including both actual meetings and remote meetings with approval in written forms. Announcements and meeting agendas of meetings were sent directly or sent via post at least 5-7 days in advance of the meeting date, and meeting documents were sent at least 3 days in advance. As for the remote meetings, opinions asked were presented clearly in the documents, and the time for board members to consider and reply is 5 days from the date of the documents being sent.

Meetings of the Board of Directors are recordable, stored under electronic forms, and signed by all meeting attendants. Decisions by the Board of Directors were approved if more than ½ of the meeting attendants approved. In the case when the voting are draw, the final decision is the one voted by the Board Chairman. Decisions made by remote meetings were approved if the majority of members with voting rights approved.

02 THE BOD'S REPORT (continued)

MANAGEMENT ACTIVITIES 2019 (continued)

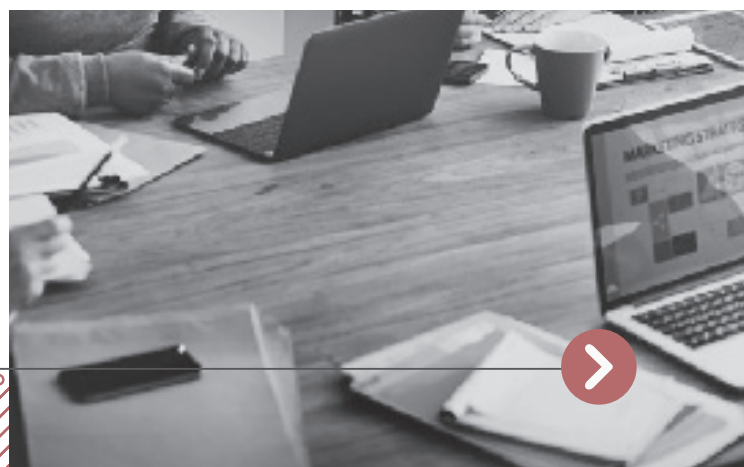
Activities of the Board of Directors (continued)

The list of members attending the Annual General Meetings in 2019 is in the table below:

No.	Full Name	Position	Board date/ Resignation date	Number of meetings attended (*)	% Attendance	Reason for absence
1	Mr. Tran Le Nguyen	Chairman		9/9	100%	
2	Mr. Nguyen Mien Tuan	Vice-Chairman		9/9	100%	
3	Mr. Kelly Yin Hon Wong	Member		8/9	89.9%	Business trip
4	Mrs. Pham My Linh	Member		8/9	89.9%	Business trip
5	Mr. Nguyen Hieu	Member		9/9	100%	
6	Mr. Vo Long Nguyen	Independent Member		9/9	100%	
7	Mr. Nguyen Quoc Bao	Independent Member		8/9	89.9%	Business trip

(*) Including paper meetings

In these meetings, the Board of Directors discussed and approved all business activities of the previous year and plans for the next years, reported quarterly business activities and plans for the next quarter, and discussed other matters under the responsibilities of the board such as delegation to General Director, dividend payment, corporate bond issuance, etc. In particular, the matters approved in decisions by Board of Directors in 2019 are summarized below:



No.	Content	Board of Directors Decision No.	Approved date
1	Approve of finalize the list of shareholders and paying dividends in 2018.	01/2019/NQ-HĐQT	02/01/2019
2	Approval of issue corporate bonds in 2019	02/2019/NQ-HĐQT	08/01/2019
3	Approval of the list of shareholders and Plan for Annual General Meeting 2018.	03/2019/NQ-HĐQT	21/02/2019
4	Approval of issue corporate bonds second round 2019	04/2019/NQ-HĐQT	01/03/2019
5	Approval of 2019 business plan for submission to the Annual General Meeting 2019; Approval of 2M 2019 business report; Approval contents and agenda for Annual General Meeting 2018	05/2019/NQ-HĐQT	22/03/2019
6	Approval of the second dividend payment in 2018	06/2019/NQ-HĐQT	25/04/2019
7	Approval of issue corporate bonds third round 2019	07/2019/NQ-HĐQT	15/05/2019
8	Approval of Bank's proposal to grant credit limits to Rong Viet.	08/2019/NQ-HĐQT	07/6/2019
9	Approval of the dividend and finalize the list of shareholders paying dividends in 2019.	09/2019/NQ-HĐQT	09/12/2019
10	The report of 11M 2019 business performance and the expected business performance for the whole year 2019 Approval of business plan for 2020 Approval of upgrade IT infrastructure in 2020 Approval of the extension plan and signing the new office lease contract.	10/2019/NQ-HĐQT	09/12/2019

02 THE BOD'S REPORT (continued)

MANAGEMENT ACTIVITIES 2019 (continued)

Operation of independent, non-managing BOD



In order to keep the independence, transparency and wide overview for the BOD, Rong Viet is currently maintaining the BOD's structure with most of members are non-managing and independent. Currently, only one member participates in execution that is Mr. Nguyen Hieu, CEO of the Company. With this structure, BOD meetings always receive independent and constructive feedbacks. In addition, independent BOD members also contribute creative ideas and valuable votes at BOD's meeting that hardly found at those BOD's meetings composing only major shareholders and BOM members.

Besides, non-managing and independent BOD members actively engage in important activities of Rong Viet through holding leading positions in Bodies/Councils of the BOD. This ensures the BOD's strict control and timely adjustment to the Company's operation.

Bodies and Councils under BOD's supervision

The requirement and responsibility for the BOD become heavier in connection with the complex and diversified operation. Hence, Rong Viet established Bodies/Councils, which are expected to become powerful tools for the BOD to monitor and direct timely the entire operation as well as enhancing the level of objective and independent in BOD's decisions.

Currently, Rong Viet is maintaining the operation of 2 Bodies and 1 Council, with the majority of members are independent, non-managing BOD members. The obligation of each Body/Council is briefly summarized as followed:



- **Human Resources - Compensation & Benefits:** established on December 01, 2015, including 04 members with 03 are BOD members and 01 is Human Resource Manager. The main function is to promote and appoint managerial positions, while managing salary policy and other remuneration of employees.
- **Risk management:** established on December 01, 2015, including 04 members with 03 are BOD members and 01 is Head of internal control. The main function is to assist the BOD with matters related to risk management.
- **Investment Council:** established on December 01, 2015, including 05 members with 04 are BOD members and 01 is Investment Director. The main function is to review and make investment decisions according to regulations of investment activities and other relating decisions.

List of members of each Body/Council under BOD's supervision:

No.	Full name	Position	Human Resources-Salary-Bonus Body	Risk management Body	Investment Council
1	Mr. Tran Le Nguyen	Chairman Non-managing BOD member	Head of the Body		Chairman
2	Mr. Nguyen Mien Tuan	Vice chairman Non-managing BOD member	Member		Permanent member
3	Mr. Kelly Yin Hon Wong	Member Non-managing BOD member		Head of Body	Member
4	Mr. Nguyen Hieu	Member Executive BOD member	Member	Member	Member
5	Mr. Vo Long Nguyen	Member Independent BOD member		Member	
6	Ms. Nguyen Ngoc Van Phuong	Human Resource Manager	Secretary		
7	Mr. Nguyen Hac Hai	Investment Director			Member
8	Ms. Phan Thi Thuan Huong	Head of internal control		Secretary	

02 THE BOD'S REPORT (continued)

MANAGEMENT ACTIVITIES 2019 (continued)

Activities of Body, Council under BOD's supervision

HUMAN - SALARY - BONUS

At Rong Viet, Human Resources - Compensation & Benefits holds important roles related to human resource and remuneration issues, which are as following:

- Providing advices and suggestions for the BOD in electing, appointing and reappointing BOD/BOM members and managerial positions of the Company.
- Evaluating level of effectiveness of the BOM's operation.
- Deciding or approve plan of human resource development, recruitment, training and welfare for managers.
- Assisting the BOD about salary policy for the entire company.
- Proposing remuneration policy (salary, welfare and other benefits) for the BOD and Supervisory Board members.
- Suggesting the BOD to approve level of salary and relating welfare for BOM members as well as supporting the BOD in evaluating and approving rewards for BOM members in management and operation execution.
- Reviewing and proposing ESOP program for employees.

Human resources - Compensation & Benefits Body review and make decisions within its authorization through public voting in meetings or written opinion collection. Meetings of the Body will be gathered in following circumstances: Chairman's request, request from at least 02 members of the Body or suggestion by the CEO.

RISK MANAGEMENT

The risk management body plays an important role in Rong Viet's operation. The Body holds the responsibility to support the BOD in reviewing and approving policies, strategies of risk management, besides proposing and evaluating the suitability of risk management policy and annual risk limit management. Along with that, risk management policy determines the risk limit for the Company's business activities, for each business unit and employees exposed to transactional risks.

The risk level for each department in the Company is daily and automatically calculated through system. Every month, based on the risk management system and reports of total risk and available capital, the risk management department monitors risk limit of entire company and sends report to the CEO. After that, the CEO has to follow up, gather information and report to the risk management Body about risk exposure, material risk assessment and the plan of handling risks when exceeding the risk limit.

INVESTMENT COUNCIL

The investment council is an unit under BOD's supervision. The investment council holds responsibility for reviewing and making investment decisions within its granted authorization. The Investment department supports the Investment Council in providing reports and investment suggestions for the Investment Council to consider in regular meetings. Regarding structure of the Investment Council, there is 01 (one) Director of Investment, who directly proposes investment opportunities from the Investment Department to the Investment Council.

The Investment Council of the Company makes investment decisions through voting in regular meetings (at least every two weeks) or upon any suggestion from the CEO. In the meeting, members of the Council will update market information, pass investment reports, then discuss and vote to approve proposals and solutions.

02 THE BOD'S REPORT (continued)

MANAGEMENT ACTIVITIES 2019 (continued)

Enhance management capability

Last year, BOD, Supervisory board, and BOM members actively participated in workshops and conferences to enhance management capability.

Each newly nominated member of the BOD is required by the BOD to take time to finding out about the activities of Rong Viet through many sources of information such as exchanging with the old BOD members, the Executive Board members, company website, company management reports, performance reports, annual reports, etc. Thereby, the new BOD members will quickly grasp and have a more in-depth look at Rong Viet's operation in order to make positive and valuable contributions to the development of the Company.

Overview of the BOD's activities

Last year, the BOD directed, monitored and adjusted the business operation, investment activity, company organization, and other significant matters in their authorization by issuing related resolutions and decisions, aiming to reach profession in company governance in accordance with current regulations and international treaties. Some of outstanding events are as followed:



In 2019, the BOD maintained their operation by quarterly meetings or as per requested meetings. In particular, the BOD organized 9 meetings, including collection of written opinions. Number of attendance were always recorded at high rate so that the meeting is ensured the independence, transparency and diversity in the BOD's decision;

Most of BOD member are non-managing and independent. This structure enabled the separation of BOD's management to accurately evaluate the BOM 's operation, thus optimizing the shareholders' benefits;

The BOD always strictly monitored the practice of BOD's resolutions and Shareholders' resolutions;

Supervising operation and review, approve proposals from Bodies/Council of the BOD to ensure the effectiveness in daily company operation;

Together with the Supervisory Board to monitor BOM's activities and request regular or irregular reports from BOM.

03 SUPERVISORY BOARD INTRODUCTION

BOARD OF SUPERVISORS



MS. NGUYEN THI OANH
Chief Supervisor

Ms. Nguyen Thi Oanh is currently Chief Accountant of KIDO Group and a member of BOS of KinhDoLand.

Ms Oanh was appointed Chief Supervisor of Rong Viet Securities for the 2012 - 2016 office term from 28 Oct., 2015.

Ms. Oanh holds a Bachelor's Degree in Business Administration.



MR. NGUYEN THUC VINH
Member of Board of Supervisors

Mr. Nguyen Thuc Vinh had served as a Deputy General Manager of Eximbank. Mr Vinh had also served as Sacombank's Manager of Planning & Investment Department and Operation Manager before joining VDFM as a member of the Board of Directors and General Manager. Mr Vinh joint RongViet's Board of Directors for the 2012 - 2016 and was entrusted as a member of BOS for the 2017 - 2021 office term in March 2017.

Mr Vinh has a Master degree in Finance from University of New South Wales – Australia.



MR. NGUYEN VAN MINH
Member of Board of Supervisors

Mr. Nguyen Van Minh has been working in financial industry for more over 22 years. Mr Minh is currently Chief Accountant of Saigon Ship Chandler Joint Stock Company (SSC) and Chief Accountant of Saigon Asia Investment Corporation. He joint RongViet's Board of Supervisors in March 2010 and was entrusted as a member of BOS in April 2012. He has a Bachelor degree in Business.

04 SUPERVISORY BOARD'S REPORT

MEMBERS AND THE STRUCTURE OF THE SUPERVISORY BOARD

Rong Viet's Supervisory Board (SB) consists of 03 members, nothing has changed since 2019. All members are qualified and fit for their duties.

No.	Full Name	Title	Status	Owning / Representing Stakes at VDS	
				% Ownership	% Ownership
1	Ms. Nguyen Thi Oanh	Chairwomen	Non-employee	-	-
2	Mr. Nguyen Van Minh	Member	Non-employee	0.0055%	-
3	Mr. Nguyen Thuc Vinh	Member	Non-employee	0.0349%	-

THE SUPERVISORY BOARD'S ACTIVITIES REPORT

Rong Viet's Supervisory Board has a duty to represent and act on shareholders' behalf to monitor and make recommendations to the BOD and the BOM regarding important matters of the Company in order to ensure independency and improve the quality of corporate governance, thus protect the highest benefits for shareholders. The attendance list of members of the Supervisory Board in 2019 is summarized as follow:

No.	Full Name	Title	Start / End Date	No. of meetings attended	Ratio	Reason for absence
1	Ms. Nguyen Thi Oanh	Chairwomen		02/02	100%	
2	Mr. Nguyen Van Minh	Member		01/02	50%	Business trip
3	Mr. Nguyen Thuc Vinh	Member		02/02	100%	

In 2019, the Supervisory Board has fulfilled the following duties:

- 01 Monitor Rong Viet's compliance with the Laws, the Company's regulations, and the Shareholder General resolutions;
- 02 Monitoring the business operations & financial reports in 2019;
- 03 Monitoring activities of the BOD and the Management Board;
- 04 Resolving shareholders' requests to the Company.

MONITOR RONG VIET'S COMPLIANCE WITH THE LAWS, THE COMPANY'S REGULATIONS, AND THE SHAREHOLDER GENERAL RESOLUTIONS:

During the process, the Supervisory Board concluded that Rong Viet's operational activities in 2019 have complied with the current Laws, the Company's charter and the management code. In addition, regulations regarding information disclosure was also strictly followed by the Company without any violations. This ensured that shareholders, clients, investors and other related parties were always updated about important information about the Company's operational activities, organizational changes and financial status. The Annual General Meeting 2018 resolutions have been successfully carried out with the following details:

Business plan in 2019: In 2019, the BOM has not completed the targets of revenue and profit plan assigned by the Shareholder General.



Ratio	2019 plan	2019 results	%Result/Plan 2019
Total revenue	439,000	343,318	78.20%
Total cost	319,000	300,815	94.30%
Total PBT	120,000	42,503	35.42%
Income Tax Cost	24,000	7,858	32.74%
NPAT	96,000	34,645	36.09%

04 SUPERVISORY BOARD'S REPORT (continued)

MONITOR RONG VIET'S COMPLIANCE WITH THE LAWS, THE COMPANY'S REGULATIONS, AND THE SHAREHOLDER GENERAL RESOLUTIONS (continued):

Profit distribution in 2018: Rong Viet has completed the issuance of shares to pay 7% dividend to shareholders: phase 1 in January 30, 2019 with 5% ratio and phase 2 in May 27, 2019 with 2% ratio.

Selecting the Auditor: After carefully studying about capability, qualifications, effectiveness and the independency of a number of auditors, Rong Viet's BOD has chosen PwC (Vietnam) Ltd. to be the auditor for its 2019 financial statements.



MONITORING THE BUSINESS PERFORMANCE AND FINANCIAL STATUS IN 2018

The Supervisory Board worked with the Chief Accountant to review the financial statements prepared by the BOM with comments from PwC (Vietnam) Ltd.

The Supervisory Board has concluded that Rong Viet's reports have truly reflected the financial status, business performance, and cash flow activities on December 31st, 2019. These reports have been prepared in accordance with the Vietnam Accounting Standards, the current corporate accounting standards, and other related regulations. The Supervisory Board agreed with the financial statements and

the auditor's opinions on the 2019 financial statements (attached in the Congress documents).

In 2019, Rong Viet has prepared and published all periodical financial statements required by Laws and the Authority. The Half-year financial report, the Financial Safety Ratio report, and the Financial Statements of 2018 were audited by the independent party PwC (Vietnam) Ltd. in compliance with regulations from the State Securities Commission (SSC) and the Ministry of Finance (MoF).



Rong Viet's activities were clear and transparent. The Supervisory Board did not find any severe violation of accounting, finance, business activities as well as internal procedures of the Company. There has been no extraordinary change while comparing quarterly numbers, half year and full year numbers or between unaudited and audited numbers. Some of the basic ratios that the Supervisory Board approved and shown on the audited Financial Statements of 2019 are:

Unit: VND Million

No.	Ratio	2019 Result	Asset Indicators	2019 Result
1	Total Revenue	343,318	Short term assets	2,245,757
2	Total Profit Before Tax	42,503	Long term assets	53,788
3	Total Net Profit	34,645	Total assets	2,299,546
4	Earnings Per Share (VND/ share)	346	Total liabilities	1,254,101

In addition, the Company has fulfilled all its tax obligations to the State including corporate income tax, personal income tax without any overdue amount.

Some basic financial indicators::

No.	Indicators	2019	2018
1	Financial safety ratio	732%	950%
2	Solvency indicators		
	Current ratio (times)	1.79	2.29
3	Capital structure indicators		
a	debt to total asset ratio	54.54%	42.51%
b	Debt to Owner's Equity (times)	1.20	0.74
4	Profitability ratios		
a	ROE (Net profit/ equity)	3.31%	6.18%
b	ROA (Net profit/Total asset)	1.51%	3.55%

04 SUPERVISORY BOARD'S REPORT (continued)

■ MONITORING ACTIVITIES OF THE BOD AND BOM

In 2019, the BOD held 9 meetings (both official and written). All meetings were held in accordance with the Laws and the Charter of Rong Viet. The Supervisory Board was present in all meetings to be updated on the plans approved by the BOD so that it can make suggestions for the overall development of The Company. These suggestions were carefully considered during the decision-making process of the BOD. As a result, the Supervisory Board concluded that the BOD has fulfilled all its duties given by the Shareholder General by making timely decisions & resolutions that helped shaping the direction of the Company's business in order to achieve the targets set by the Shareholder General

Major matters that had been discussed and approved during those BOD meetings last year include:

- 01 Reports on business performance quarterly & yearly, and business plans for the upcoming period;
- 02 The issuance of corporate bonds during the year;
- 03 Profit distribution in 2018 and profit distribution plan for 2019;
- 04 The upgrade of the current IT system in 2020;
- 05 The direction for the Company in 2020;
- 06 Other matters within the scope of the BOD.

In 2019, the BOM has run the Company and its daily operations effectively. The Supervisory Board concluded that the BOM has fulfilled all its duties stated in the Company Charter and given by the BOD. The business results did not meet the plan set by the Shareholder General; however, the Supervisory Board highly regarded the BOM's efforts to generate profits for the Company in 2019.

RESOLVING ENQUIRIES FROM SHAREHOLDERS

In 2019, the Supervisory Board did not receive any enquiry nor request from shareholders and investors regarding The Company business operations.

Conclusion: By doing the monitoring activity in 2019, the Supervisory Board concluded that the BOD and the BOM have successfully played their roles in managing and running the Company in compliance with the Laws and the Company Charter. The BOD has successfully guided the BOM to complete all resolutions made by the Shareholder General.

■ ACTION PLAN FOR THE SUPERVISORY BOARD IN 2020

In 2019, the business results did not meet expectation. As a result, the Supervisory Board has set the action plan for 2020 as follow:



Ensuring that the BOM will continue to focus on business activities, especially those that can generate high revenues with lower risks such as Financial Services, Brokerage, and Investment Banking in order to secure the profit target of 2020.



Continuing to improve the operations, increase the monitoring activities to the BOD and the BOM over the daily operations of the Company as well as to strengthen the coordination among the BOD, the Management Board, and the Supervisory Board;



Communicating, supporting, and making recommendations to the BOD & the BOM about tasks that need to be done & modified in order to improve the effectiveness of the management activities;



Supporting the BOD in giving direction to the BOM to push the development of business activities, especially the revenue-driven functions such as Financial Services, Brokerage, Investment, and Investment Banking (IB) to help the Company achieve and exceed the revenue & profit targets set by the Shareholder General.



Strengthening the risk management activities, focusing on identifying crucial factors that can severely affect the Company's business;



Continuing the monitoring activities about compliance with the current Laws, the Company's Charter, and the Resolutions from the BOD as well as reviewing quarterly, half year, full year financial statements and information disclosure

05 REMUNERATION AND BENEFITS OF THE BOARD OF DIRECTORS & SUPERVISORY BOARD

■ REMUNERATION FOR THE BOD AND THE SUPERVISORY BOARD

Rong Viet's Annual General Meeting is the agency that decides the level of remuneration for the Board of Directors and the Supervisory Board. According to the Resolution of the General Meeting of Shareholders No. 01/2019/NQ-ĐHĐCĐ approved on April 18, 2019, the remuneration of the Board of Directors and the Supervisory Board in 2018 is VND 1.03 billion, and the remuneration plan for the Board of Directors and the Supervisory Board in 2018 is equal to 1.5% (one point five percent) of net profit after tax in 2019.

Based on the actual business situation in 2019, the amount of remuneration for the Board of Directors and the Supervisory Board in 2019 is as follows:



Net profit 2019:

34,645,267,955 (VND)

Remuneration for the BOD and the Supervisory Board:

519,679,019 (VND)

■ OTHER COMPENSATIONS AND BENEFITS FOR THE BOD AND THE SUPERVISORY BOARD



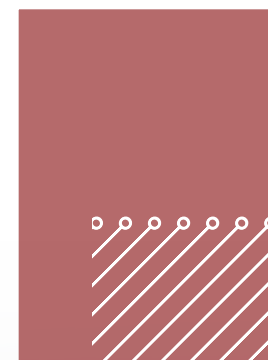
In addition to the remuneration regime approved by the Annual General Meeting of Shareholders for the activities of the BOD and the Supervisory Board, non-executive or independent members of the BOD and members of the Supervisory Board did not receive any bonus from the Bonus and welfare fund of the Company.



■ STOCK TRANSACTIONS OF INTERNAL AND RELATED PEOPLE

In 2019, the internal / related people have had the following transactions:

No.	Name	Relationship	No. of shares owned		No. of shares after transaction		Type of transaction
			No. of shares	%	No. of shares	%	
1	Pham My Linh	BOD Member	13,721,276	13.71%	11,921,276	11.91%	SELL
2	Tran Le Nguyen	Chairman	35,035,000	35%	18,035,000	18.02%	SELL
3	Nguyen Mien Tuan	Vice Chairman	810,953	0.81%	17,810,953	17.79%	BUY



STOCK TRANSACTION AMONG THE COMPANY WITH RELATED PEOPLE, MAJOR SHAREHOLDER(S), INTERNAL PEOPLE & RELATED PERSON(S):

In 2019, there was no transactions among the Company with the above-mentioned parties.

06 BOARD OF MANAGEMENT



MR. NGUYEN HIEU

**Member of Board of Directors
General Director**

Mr. Nguyen Hieu has over 21 years working in the financial and securities market. Joining RongViet Securities in its very first days as Deputy General Director, Hieu has contributed greatly to the development and expansion of the company. He was entrusted as the RongViet General Director since September 18th 2012 and appointed a BOD member on March 15th 2014.

Prior to RongViet Securities, Hieu served as a Brokerage Manager at Vietinbank Securities (HCM-IBS) and then Hochiminh Securities Corporation (HSC).

Hieu has a Master degree in International Business from Curtin University of Technology - Australia



MR. NGUYEN MINH NHUT

Deputy General Director

Mr. Nguyen Minh Nhut has over 20 years of experience in banking and securities investment. He joined Rong Viet Securities in 2007 and has had major contributions in the company's development to date.

Prior to RongViet, Nhut was a Senior Credit Officer at Vietinbank, Investment Manager of Hochiminh Securities Corporation (HSC) and CEO of Saigon Asia Financial Investment Corporation.

He has a Bachelor degree in Business from the HCMC Economics University



MR. NGUYEN CHI TRUNG

Deputy General Director

Having participated in Vietnam securities market since its inception, Mr. Nguyen Chi Trung has over 18 years of experience in the industry. He joined Rong Viet Securities in the very first days and has left his marks in key positions in the company, including Director of Securities Services Division, Director of Brokerage Division, Director of Saigon Branch. Trung is now RongViet's Deputy General Director.

Before joining RongViet Securities, Trung was a Brokerage Manager at Vietinbank Securities (IBS-HCM).

He has a MBA from a cooperative Master program between the NEU (Vietnam) and SBS-EM (Belgium).



MS. NGUYEN THI THU HUYEN

**Deputy General Director - Director of
Securities Services Division**

Mrs. Nguyen Thi Thu Huyen was appointed Deputy General Director from April 18th 2017. Joining RongViet in the early days, at one time, Huyen was the company's Trading Department Manager and Deputy Director of Securities Services Division, Director of the Securities Services Division of RongViet Securities.

Huyen has over 17 years of experience in the securities sector and was with VietinbankSC prior to her engagement with RongViet Securities.

She has with a Master degree in Finance – Banking from the National Economics University.



06 BOARD OF MANAGEMENT (continued)



MR. LE MINH HIEN
Chief Financial Director -
Chief Accountant

Mr. Le Minh Hien has been the Chief Accountant of RongViet Securities since its inception and was appointed CFO from October 8th 2014.

With over 18 years of experience in finance and accounting, he has played an important role in the development of the company. Prior to his current position, he was Deputy Manager of the Accounting Department of Samsung Vina.

Hien has a Masters degree in Accounting from the HCMC Economics University.



MR. NGUYEN HAC HAI
Investment Director

Mr. Nguyen Hac Hai was appointed Investment Director of RongViet Securities in March 2010.

With over 13 years of experience in Viet Nam securities market, played a crucial role in setting up the company's Research Department as well as investment advisory and research products. Before joining RongViet, Hai was Investment Specialist of Sacombank and then Investment Manager of VDFM.

He has a Master degree in Banking from CFVG HCMC and has passed three levels of the CFA Examination.



MR. LE VUONG HUNG
Director of Brokerage
Division 1

Mr. Le Vuong Hung was appointed Director of Brokerage Division 1 of RongViet Securities in November 2013. Joining RongViet in the early days, Mr. Hung has been through important positions such as Brokerage Manager and Deputy Director of Brokerage Division.

Before his being with the company, Hung worked for Vietnam Export and Import Joint Stock Commercial Bank (Eximbank) and Tan Cang - Saigon Saigonnewpor.

Hung is a Master of Economics of HCMC Economics University, major Finance - Banking.



MR. PHAM PHONG THANH
Director of Brokerage
Division 2

Mr. Pham Phong Thanh was appointed Director of Brokerage Division 2 of RongViet Securities in January 2018.

Mr. Thanh has been through positions such as Brokerage Manager and Deputy Director of Brokerage Division. Before joining RongViet, Mr Thanh worked for Internet NetNam Company.

Mr Thanh is also a member of the Board of Directors of Phuoc Hoa Rubber Joint Stock Company. He has a Bachelor degree in Business from the HCMC Economics University



MR. THOMAS DE FAUW
Foreign & Institutional
Brokerage Director

Mr. Thomas De Fauw was appointed as Foreign & Institutional Brokerage Director in July 2019.

Before joining Rong Viet Securities (VDSC), he gained experience in asset management and equity sales.

He holds a Master's degree in Finance from Ghent University, Belgium in 2009.

07 RISK MANAGEMENT

OVERVIEW ABOUT RISK MANAGEMENT SYSTEM



Ever since the Company's establishment, the risk management activity has always been given top priority by the Management Board. Being a company operating in the finance – securities field with high volatility and risks, Rong Viet Securities is fully aware that risk management is a key factor for a company to operate stably and effectively to achieve sustainable development.

In 2019, the world financial markets – global stock market in general and Vietnam stock market in particular were affected by many contrasting events, both positive and negative. For example, unpredictable developments in the US-China trade war, the risk of BREXIT not reaching an agreement, the US Federal Reserve (FED) and central banks all maintain tight monetary policy since first half 2019. However, from July 2019, under pressure from many factors, the FED had lowered interest rates three times and injected billions of dollars into the financial system in September 2019, to begin the reversal of monetary policy management of many countries.

In 2019, there was a total of 139 interest rate cuts by central banks in the world, such as central banks in Europe, Australia, India, the Philippines and Singapore, etc., included Vietnam. On September 12, 2019, the State Bank of Vietnam (SBV) cut the refinancing interest rate from 6.25% to 6% per year, the discount rate decreased from 4.25% to 4% per year, the overnight lending interest rate in inter-bank electronic payment and lending to offset the shortage of capital in the SBV's clearing for banks decreased from 7.25% to 7.0% per year. On December 1, 2019, for the first time in 14 years, the State Bank decided to lower the interest rate of compulsory reserve deposits in VND from credit institutions from 1.2% to 0.8% per year. Deposit interest rate exceeding the required reserve was 0% per year.

The above fluctuations of the global economy and Vietnam's economy in recent time are considered as the multidimensional impact factors on the underlying stock market of Vietnam and create complex fluctuations in the market in the year 2019. Since reaching the 1,012-point mark in mid-March 2019, the market has tended to fluctuate in a narrow band, many technical indicators have not found a clear trend of the market as the index overbought and oversold threshold have not been reached yet. However, in the last months of the year, VN-Index had relatively clear moves when this index regained the old peak and reached 1025 on November 6. The trading volume in the market in 2019 was only an average of 4,639 billion VND / session, down 29% compared to 2018.



This implies that there are always risks in the securities market. If there is no preparation and risk management, it will not only endanger business results but also pose the threat of reducing operation capital, affecting the overall business strategy.

RISK MANAGEMENT

07 RISK MANAGEMENT (continued)

OVERVIEW ABOUT RISK MANAGEMENT SYSTEM (continued)

According to Rong Viet Securities' assessment, the largest risk on the Vietnam securities market is the lack of transparency and accuracy of information from public and listed companies. Information from the website of the HSX in 2019 shows that there are 107 cases of companies violating information disclosure (an increase of over 50% compared to year 2018). In addition, the phenomenon of a number of stocks increased quickly in a short time and then reduced, causing disbelief in investors and directly affected the operation of securities corporations in proprietary trading and margin lending.

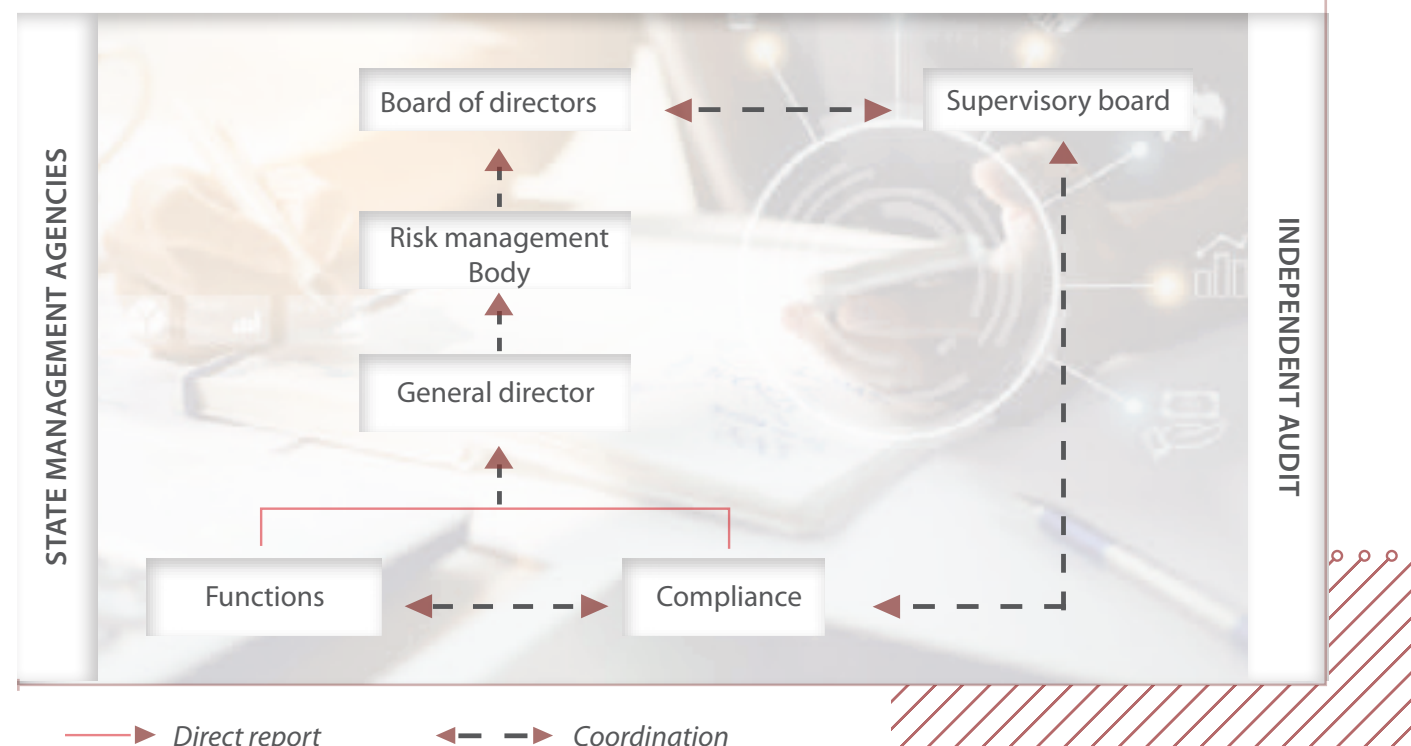
With a good risk management system and ensuring efficiency in operations, safety in corporate governance, combined with the ability to respond quickly and adapt well to fluctuations in the market, during 2019, Rong Viet Securities does not suffer any damage from negative fluctuations, contributing to preserving business results. Risk indicators are controlled at the safety limit, especially the market



risk indicators of proprietary trading and margin operations of the company.

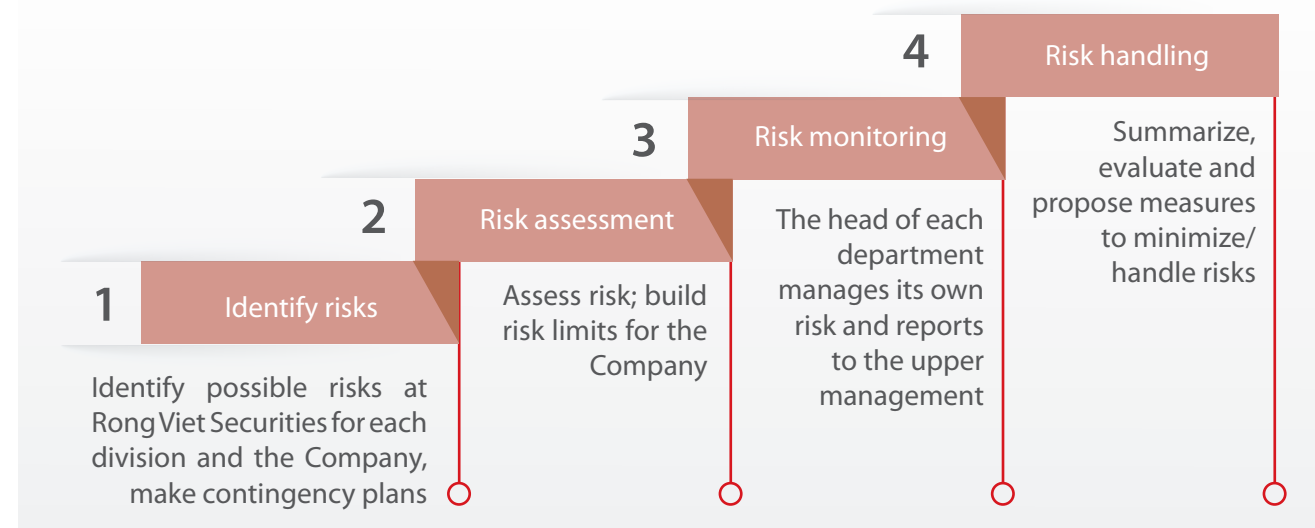
Thanks to that solid foundation, Rong Viet Securities continues to maintain and improve its risk management system, which was formally put into operation in 2013 by establishing the Risk Management Body that reports directly to the BOD. Since then, there have been many modifications on the Risk Management Policy, Risk Management Procedure, and Risk Management tolerance policy.

Rong Viet Securities' risk management system is organized as follows:



RISK MANAGEMENT PROCESS AT RONG VIET SECURITIES

Based on the risk management system and risk management policies with established limits, Rong Viet Securities develops and applies a risk management process including the following steps:



The risk management policies are set to make sure that all major risks are monitored and contained. The risk tolerance zones were set to make sure that Rong Viet Securities' business activities do not exceed the allowed level. All related functions and persons clearly understand the limits and the procedure that must be complied to as well as the areas that are allowed. This, in turn, ensures Rong Viet Securities' activities to operate safely and effectively while complying with regulations regarding securities companies in order to bring the highest benefits to clients within strict limits on operational procedure and potential risks that can affect the Company's business as well as clients' investment activities.

Risk identification and contingency planning

During the course of action, Rong Viet Securities always tries to take proactive measures to monitor and review in order to timely & fully identify general risks (economical risk, legal risk, interest rate risk, and natural disasters) and crucial risks (operational risk, liquidity risk, etc.) that the Company might face.

Each product and service, before being introduced to clients, was carefully studied by the Company in order to complete the relevant procedure. This ensures that all potential risks are always actively identified and contained. Rong Viet Securities always maintains a principle that no business activity is allowed to be carried out when all related risks have not been identified and contained.

In addition, periodically, all operational procedures are updated and modified in order to ensure compliance with the new Laws as well as to prepare for new movements in the market. Furthermore, during its operations, the Company also builds different scenarios to estimate the risks, directly monitor and cross monitor among all functions to strengthen the overall monitoring ability as well as to develop tools to prevent and minimize risks.

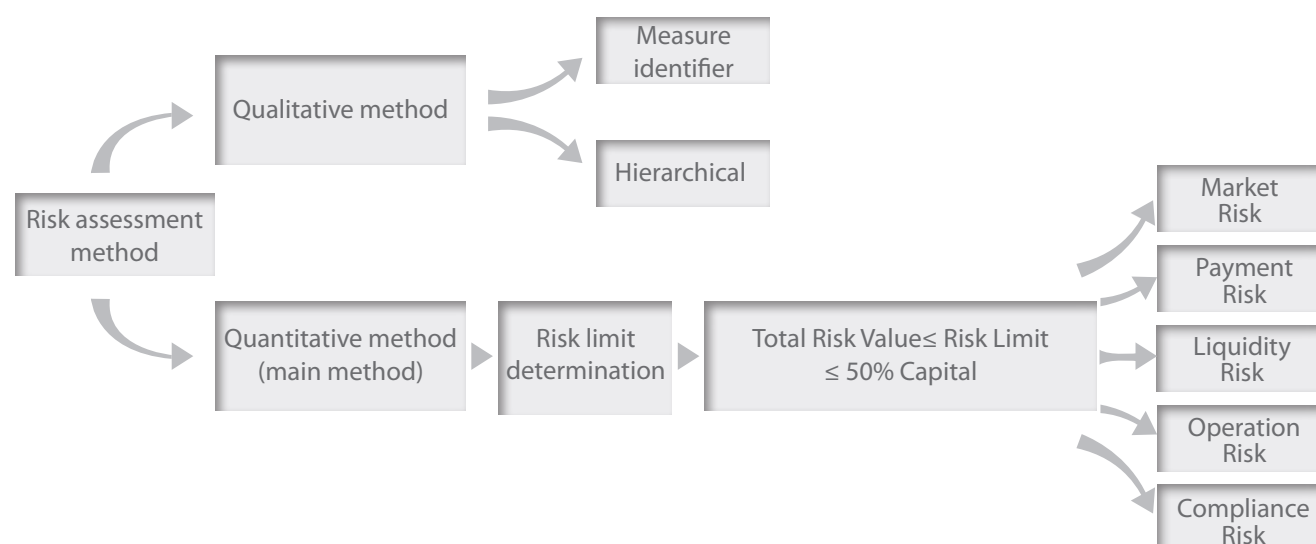
Rong Viet Securities is currently investigating cyber security risks, as well as establishing compliance functions, necessary risk management functions, and whistle-blowing support mechanisms for employees and related parties.

07 RISK MANAGEMENT (continued)

OVERVIEW ABOUT RISK MANAGEMENT SYSTEM (continued)

Risk evaluation, determination and allocation

Currently, Rong Viet is evaluating and managing risks in terms of 02 major methods including qualitative and quantitative as follow:



Particularly, risk limit is the capital amount allocated to resolve any risks that stand a high chance of causing damages. Usable capital is defined at Circular 87/2017/TT-BTC dated August 15, 2017, providing financial safety indicators and punishment measures for securities business organizations that do not meet the financial safety indicators of the Ministry of Finance.

This model is helpful in calculating and estimating major risks related to market, payment, liquidity, operation and compliance risk.

Risk limit of the Company is measured and determined based on the following factors:

- Business strategy
- Capital
- Risk supervision quality
- Ability to monitor risks and completeness of risk management systems and related procedures
- Risk management expertise
- Previous risk management experience
- Legal regulations
- Other issues related to risk managements

Every year, the Board of Directors reviews total value of damages and actual/forecast ratios for previous periods, general performance and applicable laws to measure and determine risk limit and to allocate the limit according to business segments. Decision No. 02/2018/QĐ-HĐQT dated January 17, 2018 regarding “Risk Limit Management Policy” is applied throughout the year 2019. The policy helped measure and determine the risk limit for business segments, departments, individuals and transactions.

2019 Risk Limit Allocation:

Units: % Usable Capital

No.	Activities	Market Risk	Payment Risk	Liquidity Risk	Operation Risk	Compliance Risk
1	Account management	-	-	-	X%	-
2	Transaction order management	-	-	-	X%	-
3	Clients' cash account management	-	-	-	X%	-
4	Depository – Option execution – Transaction settlement	-	-	-	X%	-
5	Margin trading	X%	X%	-	X%	X%
6	Mortgage stock	-	-	-	X%	-
7	Cash advance	-	-	-	X%	-
8	Proprietaries	X%	X%	-	X%	-
9	Investment banking	-	X%	-	X%	X%
10	Underwriting	X%	X%	-	X%	X%
11	Accounting	-	-	X%	X%	-
	TOTAL	Y%	Y%	Y%	Y%	Y%

Notes: - X: Allocated risk limit as percentage of available capital.
- Y: Total allocated risk limit as percentage of available capital.

07 RISK MANAGEMENT (continued)

OVERVIEW ABOUT RISK MANAGEMENT SYSTEM (continued)

Risk supervision

Based on risk limits for each service and product, the risk management body works directly with the General Director to establish the risk warning system. Each service/product is allowed to use up to 90% of its risk limit.

The risk management body is held responsible for managing the risk limits for the entire company, while heads of all departments are committed to the assigned risk limit. Moreover, the risk management body forms specific risk limit monitoring processes in order to ensure the safety and effectiveness of the entire system.



If the warning system detects the risk level beyond the warning threshold:

- Risk Management Department requires the manager to report the specific causes and solutions. All activities of the unit are subject to the supervision of the Risk Management Department until the risk level returns to a safe level.
- If the risk level exceeds the safety level continuously, the Risk Management Department will monitor the operation of the violating department and check the implementation of the business process. The monitoring period is at least 01 (one) month after the risk level returns to a safe level.

The risk management body monitors the degree of risk for the whole company and prepares the total risk value and available funds reports on a monthly basis. If the total risk value is at or above the risk limit, the risk management body will construct the risk reduction plan through examining the risk value of each business operation. From that, the risk management body makes suggestions to reduce the risk value and exposure. The completion time is due within one week after receiving the CEO's approval for the proposed plans.

In addition to daily, monthly and periodic/unexpected monitoring tasks, the Risk Management Department also reports supervising works to the General Director, to review and adjust the risk control duties according to actual issues.

Solution for exceeding limit risk

During the risk-handling period, all activities of the unit are supervised by the Risk Management Department. When the risk is over the accepted limit, this Department will perform the management process as follows:

- Review, identify the type of risk, reason for risk and estimated losses, and report this information to General Director;
- Violating units shall explain and prepare the plan and resolve time to General Director immediately after receiving notification from the Risk Management Department;
- Implement the selected solution and request related departments to follow accordingly. All activities during the resolve process are under the supervision of Risk Management Department.
- For the case of safety violations, it will comply with the provisions of the Risk Management Policy.



The risk management system measures the daily risk exposures of various departments, as well as for the entire company. If the risk limit is at safe level:

- Manager monitors the risk of the department against the warning threshold to calculate the necessary risk reduction options.
- If the risk incident has arisen at the department that is likely to increase the loss value within the risk limit, the manager is responsible for supervising and implementing solutions.
- If the manager detects that risk incident has a risk level that can exceed its limit, the manager is responsible for reporting to Risk Management Department, estimated losses and risk control plans for Risk Management Department in order to coordinate with the department to do risk prevention and mitigation plans.
- Incidents that have arisen or arising must be recorded in the risk management system in order to make changes and improve appropriate risk handling measures.



In the event that the department risk exposure goes beyond the warning threshold:

If the risk level has been previously reported, the Risk Management Department and the respective department implement the risk mitigation options that has been proposed until the loss recovery is completed.

07 RISK MANAGEMENT (continued)

SIGNIFICANT RISKS IN RONG VIET SECURITIES' BUSINESS OPERATION



Market risk



Description:

Market risk is the risk of changing the value of existing assets in an unfavorable direction such as securities in proprietary trading portfolios or securities for margin borrowers being discounted, or depreciation in assets that the Company owns.

Management method:

Margin activities:

- Filtering the portfolio of margin securities in accordance with certain criteria. In order to manage list of margin accounts, Rong Viet Securities establishes Investment Council with experienced staff. The Council will review the margin accounts every month. Besides, Rong Viet Securities updates Announcements issued by stock exchanges (HSX, HNX) regarding margins; to promptly update the securities permitted for margin trading and the securities are excluded from the margin-trading list. From that, promptly notify customers and take appropriate measures;

- Providing a reasonable ratio in correspondence to each type of margin securities;
- Regularly monitoring and assessing the volatility situation in the market to change the securities in the deposit portfolio accordingly;
- Updating the list of securities that are not eligible for margin trading in the two stock exchanges every day;
- Monitoring, managing margin accounts, and processing collaterals: Rong Viet Securities establishes Financial Services Department to deal with the management of those accounts and promptly notify when the clients' portfolio is discounted, take strict action when the list reaches margin threshold as prescribed;
- The management of margin trading services is based on a high-tech management system, constantly updated according to market movements, thereby helping in-charge personnel to be proactive in their work and follow clients' investment portfolio. In addition, customers can also update their account status through methods such as SMS, email and account tracking support via online trading applications that can be installed on multiple devices.

Proprietary trading activities:

- The investment council chooses, analyses and anticipates profitable investments;
- Allocation of investments in each company and industry;
- There are separate investment policies for short term and long-term investment horizon;
- Monitoring the volatility of the market, update information for current holdings or prospective holdings;
- Considering the optimal price or limit price to make timely decisions.

Payment risk



Description:

Payment risks occur when partners cannot afford the payment on due dates or transfer due assets as committed. This can include cash deposits at financial institutions, overdue receivables, or stock borrowing contracts.

Management method:

- Tight contracts, understanding clients, requesting warranted transactions, using clear documents, and applying the safest payment methods;
- Payment for margin trading: Ensure the maximum margin level for customers; stock sales at margin and loan recovery complying with the regulations for margin trading;
- Cash deposit at bank: Choose prestigious credit institutions and avoid putting all of cash deposits in a same bank.
- Periodically review all margin-trading loans, take measures to immediately deal with and recover debts from loans that are likely to default.

07 RISK MANAGEMENT (continued)

SIGNIFICANT RISKS IN RONG VIET SECURITIES' BUSINESS OPERATION (continued)

Liquidity risk



Description:

Liquidity risks occur when the Company cannot afford payment for due financial obligations on the due date or is unable to convert financial derivatives into cash with reasonable value in the short term because of the lacking liquidity in the market. Liquidity risks are determined in following contracts and transactions:

- Payment for proprietaries trading and payables to suppliers;
- Credit contracts and interest due;
- Underwriting (if any)

Management method:

- Balance of cash flow;
- Plan on active payment schedule: Conduct annual budget plan which can be adjusted to actual arising monthly, quarterly; plans of daily cash inflow and outflow to estimate the reasonable amount;
- Expanding relationship and sign credit contracts with credit organizations to make necessary loans.

Operation risk

Description:

Operational risk takes place because of technical errors, systematic errors, process errors, human error or lack of business funds due to operational expenses, impairment of financial assets or other probable reasons.

Related to human:

- Company's assets being used and bought by employees which are not allowed by regulations, and thus causing losses or damages for the Company, or cooperating with clients to take unlawfully company's properties or destroy company's reputation;
- Errors arising in handling works that are not abided by the authority, properly and fully implemented the work process, or not put in tight control...
- Errors occurring in document storage causing losses of customer's documents;
- Disputes with clients: do not perform stock trading as the client's requests; postpone cash transaction; or violate the regulation when notifying trading rights for customers...

Related to IT:

- System errors affecting the Company's operations;
- Connection is lost or unstable; data transmission is slow or data cannot be transmitted;
- System overloads, server damages and system shutdowns;
- Power is lost; backup power system cannot work;
- Software is unstable and faulty;
- Customers cannot use the online trading system;
- The information system is attacked; loss of customer's information or exposed to fake transaction accounts;
- The warning system including price volatility, over-trading issues, over-risk alert, risk report information ... are not detected on time.

Relate to other transactions:

- Errors occurs in recruitment process; position title standards and regulations for managing employees regrading job license for securities trading;
- Transactions are not fully and timely reported to competent authorities;
- New products and services of the Company are in the initial usage.

Management method:

Risk measurement:

- Displaying probable risks of all departments;
- Recording frequency of occurrence;
- Assessing the fluctuation of risk signals;
- Analyzing the capability to have an effect on the Company's business activities ;
- Evaluating the risk level.

Risk controlling:

- Ensuring the ongoing performance of risk management tasks in all units;
- Evaluating the performance of units in term of risk management;
- Detecting high risk level to propose timely solutions;
- Tracking on fluctuation on different types of risk;

Risk hedging:

- Building the risk management system;
- Standardizing preparation and issuance of documents;
- Conducting standard of human resource, training and rotation;
- Conducting standard of safeness and confidential information applied for infrastructure and technology;
- Constructing risk limits for business sectors;
- Building a plan for ongoing operation;
- Sharing risks.

Compliance risk

Description:

Compliance risk occurs when the Company does not comply regulations relating with business operations, or the Company terminates contract due to being exposed to be illegal or lacking vital provisions, or other reasons.

Management method:

- Reviewing legal status of partners before signing and performing contracts;
- Correctly evaluating the partners' capability to perform the contract;
- Ensuring all of provisions complying legal regulation and not detrimental to the Company;
- Regularly monitoring to detect copy right disputes to avoid disclosing technology's confidential information and control rumors influencing on the Company's reputation;
- Complying to regulations of labor policy; Publicize transparent policies of salary, bonus; Protect employee's rights and responsibilities;
- Continuously and timely updating newly issued legal procedures; Review the departments' compliance to detect legal risks.



07 RISK MANAGEMENT (continued)

RESULT OF RISK MANAGEMENT 2019

The risk management system has always maintained stable operation, applying modern management technology to monitor and manage risks related to the Company's business activities in an active and comprehensive manner

The Company did not record any damages or losses incurred by clients, shareholders, investors and the Company's capital and reputation. Along with that, Rong Viet is one of the few securities companies in the market that is not affected by the lack of transparency and accuracy in disclosing information of public and listed enterprises. This greatly solidified and enhanced belief of clients, shareholders and investors on Rong Viet Securities' prestige, and thus enabled the Company to achieve sustainable development.

In 2019, the upgraded core system with many utilities helped Risk Management Department complete the job with high productivity. The Risk Management Department has been regularly modifying and upgrading the risk management system to meet the need of business expansion, which should be accompanied by increasingly diversified and complicated products/services. In June 2019, the Internal Control Department issued a new "Internal control procedure for securities and derivative trading activities". In addition, the Company's Legal Department constantly updates new legal documents related to the activities of securities companies and activities on Vietnam's stock market, to ensure timely and full compliance with regulatory

requirements, mitigating legal risks that could undermine Rong Viet Securities brand name.

Thereby, in the overall assessment, the Company ensured to implement the total risk value lower than the total risk limit and less than 50% of the available capital. All metrics relating to market risk, payment risk, liquidity risk, operational risk, and compliance risk are below threshold limits. In particular, the risk level of proprietary trading reached 38% of the permitted limit, the average market risk of margin operation reached 59% of the permitted limit (taking into account the provisioning in 2019 increased by VND 16,798,758,580, accounting for 1.3% of total debt as of December 31, 2019). These two indicators have the largest impact on the total risk limit.



the risk level of proprietary trading reached

38% of the permitted limit

the average market risk of margin operation reached

59% of the permitted limit

These two indicators have the largest impact on the total risk limit.

07 RISK MANAGEMENT (continued)

■ PLAN OF RISK MANAGEMENT 2020

In 2020, along with increasing available capital, growing both human assets and client network, accelerating new financial instruments (including derivatives), the Company will likely to face problems related to operational risks. In addition, the stock market's unclear perspective for 2020 is expected to put the margin lending activity into a risky environment. Therefore, the Company will continue to monitor closely movements on both underlying and derivatives markets. Particularly, stocks suffering from negative news flow and, consequently, high volatility will be removed from the margin lending approval securities list.

Based on 2019 database, the Board of Management will submit to the Board of Directors an amendment in risk threshold limits for particular categories. Accordingly, the Company expects to reduce the value of the investment portfolio, so the market risk limit of proprietary trading is reduced by 1%, and will maintain the current margin balance, thus the limit of the market risk for this service is also proposed to be reduced by 1%.



The Company continues to improve risk management efficiency by regularly identifying, evaluating and monitoring risks, especially risks related to operations and markets. The Risk Management Department works closely with business departments in continuous monitoring and timely adjustments to minimize risks.

In addition, the Company intends to further analyze the factors that create market risks stemming from the common risks related to the social economy such as interest rates, laws, natural disasters, epidemics ... to get timely changes in strategy governance measures in specific and timely responses.

Risk Management Department in conjunction with the information technology department plans to deploy risk management report software for every departments in 2020. Accordingly, instead of departments monitor and periodically report on written risk management as before, the new software will provide maximum support in risk management work of all departments, thereby helping departments quickly and promptly.



08 STOCK INFORMATION & INVESTOR RELATION ACTIVITY

(Source: Shareholder List as of December 24, 2019)

Detailed list of internal shareholders and authorized information disclosure personnel:

No.	Name	Position	Restricted shares	Non Restricted Shares	Total (*)	Ownership %	Represented %
BOARD OF DIRECTOR				47,815,728	47,815,728	47.77%	0%
1	Mr. Tran Le Nguyen	Chairman	-	18,035,000	18,035,000	18.02%	0%
2	Mr. Nguyen Mien Tuan	Vice chairman	-	17,810,953	17,810,953	17.79%	0%
3	Mr. Kelly Yin Hon Wong	Member	-	-	-	0.00%	0%
4	Mrs. Pham My Linh	Member	-	11,921,276	11,921,276	11.91%	0%
5	Mr. Nguyen Hieu	Member cum General Director	-	48,499	48,499	0.05%	0%
6	Mr. Vo Long Nguyen	Independent member	-	-	-	0.00%	0%
7	Mr. Nguyen Quoc Bao	Independent member	-	-	-	0.00%	0%
BOARD OF MANAGEMENT				297,242	297,242	0.30%	0%
1	Mr. Nguyen Hieu	General Director	-	-	-	-	-
2	Mr. Nguyen Minh Nhut	Deputy General Director	-	7,579	7,579	0.01%	0%
3	Mr. Nguyen Chi Trung	Deputy General Director	-	114,488	114,488	0.11%	0%
4	Mrs. Nguyen Thi Thu Huyền	Deputy General Director	-	106,964	106,964	0.11%	0%
5	Mr. Le Minh Hien	Chief Accountant	-	68,211	68,211	0.07%	0%

No.	Name	Position	Restricted shares	Non Restricted Shares	Total (*)	Ownership %	Represented %
SUPERVISORY BOARD				40,480	40,480	0.04%	0%
1	Mrs. Nguyen Thi Oanh	Head	-	-	-	0.00%	0%
2	Mr. Nguyen Thuc Vinh	Member	-	34,980	34,980	0.03%	0%
3	Mr. Nguyen Van Minh	Member	-	5,500	5,500	0.01%	0%
TOTAL				48,153,450	48,153,450	48.11%	0%

Type of ownership:

Type	No. of shares	Ownership %
I. Internal	48,153,450	48.1%
II. Treasury shares	-	0.0%
III. Others	51,946,456	51.9%
1. Domestic	51,546,588	51.5%
1.1 Individual	32,836,439	32.8%
1.2 Institutional	18,710,149	18.7%
2. Foreign	399,868	0.4%
2.1 Individual	132,872	0.1%
2.2 Institutional	266,996	0.3%
TOTAL	100,099,906	100.0%

Major Shareholders Information

Name	No. of shares	Charter Value (VND)	Ownership % (VND)
Mr. Tran Le Nguyen	18,035,000	180,350,000,000	18.02%
Mr. Nguyen Mien Tuan	17,810,953	178,109,530,000	17.79%
Asia Investment Ltd.	15,043,617	150,436,170,000	15.03%
Mrs. Pham My Linh	11,921,276	119,212,760,000	11.91%
Others	37,289,060	372,890,600,000	37.25%
TOTAL	100,099,906	1,000,999,060,000	100.00%

08 STOCK INFORMATION & INVESTOR RELATION ACTIVITY (continued)

Type of share:

Total:	100,099,906	Shares
Type of outstanding shares:	Common	
Face Value:	VND 10,000 / share	
Treasury Shares:	0	Shares
Outstanding:	100,099,906	Shares
Restricted:	0	Shares
Non restricted:	100,099,906	Shares

Ownership Structure:

No	Type	No. of shares	Ownership %	No. of shareholders	Structure	
					Institutional	Individual
1	State	-	0.0%	-	-	-
2	Major Shareholder	62,810,846	62.7%	4	1	3
	- Domestic	62,810,846	62.7%	4	1	3
	- Foreign	-	0.0%	-	-	-
3	Treasury Shares	-	0.0%	-	-	-
4	Others	37,289,060	37.3%	756	29	727
	- Domestic	36,889,192	36.9%	736	21	715
	- Foreign	399,868	0.4%	20	8	12
	TOTAL	100,099,906	100.0%	760	30	730
	Domestic	99,700,038	99.6%	740	22	718
	Foreign	399,868	0.4%	20	8	12



CHAPTER 4

SUSTAINABLE DEVELOPMENT REPORT

- OVERVIEW
- CHANNELS TO CONNECT RELATED PARTIES
- THE PROCESS OF SPREADING CONNECTION
ACTIVITIES IN THE COMMUNITY
- THE GRI STANDARDS
- CONTACT INFORMATION



01 OVERVIEW



2019 is the second year Rong Viet prepares Sustainable Development Report (Sustainable Development Report) based on a partial reference to the standards of the Sustainable Development Reporting Guidelines - Global Reporting Initiative – the latest version of GRI Sustainable Reporting Standards was first released in 2016. In addition to the purpose of transparency in announcing the contents that the Company towards to sustainable development, Rong Viet also desires to send to clients, shareholders, investors, regulatory agencies ... the spread of values related to economic, social and environmental issues that Rong Viet has always made efforts seriously during this time. This is the basic foundation for the construction and sustainable development of an enterprise.

Documents that are used as reference for Rong Viet's Sustainable Development Report of 2019:

Reference Documents	Update the implementation of Sustainable Development in Vietnam through released documents in 2019
<ul style="list-style-type: none"> This report is partially based on the GRI (Sustainable Reporting Standards) – 2016 by the Global Reporting Initiative Corporate Sustainability Index (CSI) developed in 2016 by the National Council for Sustainable Development (VBCSD) and VCCI. 17 sustainable development goals by the United Nations until 2030 17 sustainable development goals by the Socialist Republic of Vietnam until 2030. Guidelines on building sustainable reports by IFC and the Vietnam State Securities Commission (SSC). The 2030 Resolution for sustainable development in accordance with Decision No. 622/QĐ-TTg by the Prime Minister of Vietnam on May 10, 2017. Decision No. 2183/QĐ-BTC regarding the plan of the Financial Sector to execute the State Strategy for green development to 2020. Circular No. 155/2015/TT-BTC by the Ministry of Finance requesting listed companies to disclose information on sustainable development. 	<ul style="list-style-type: none"> Corporate Sustainability Index (CSI) - National Council for Sustainable Development (VBCSD) and VCCI: simplify to reach more businesses, especially small and medium company (from 151 criteria in 2016 to 98 criteria in 2019). Decision 1362/QĐ-TTg issued October 11, 2019 regarding approving the plan for sustainable development of enterprises in the private sector until 2025, with a vision to 2030. Corporate Governance according to Vietnam's Best Practices (August 13, 2019) - State Securities Commission built with technical support from IFC International Finance Bank, World Bank and Swiss Federal Economic Bureau. The global report on the sustainable financial reform process in 2019 of the Sustainable Banking Network (SBN) and established by the International Financial Organization (IFC) published on October 10, 2019. Securities Law No. 54/2019/QH14 issued November 26, 2019.

Principles for the contents of the report	Principles for the quality of the report	
The participation of related parties	Accuracy	Transparency
The environment for sustainable development	Balance	Timeliness
The level of importance	Comparability	Trustworthiness

Scope and Scale of the report:

The sustainable development report of Rong Viet is embedded in the Annual Report and will have the same scope and scale as the Annual Report.

RONG VIET'S SUSTAINABLE DEVELOPMENT DIRECTION

In 2019, Rong Viet built a strategic development orientation based on the perspective of "innovate thinking" to better understand and develop wider the meanings and standards of corporate governance, from which towards Sustainable development in the new era:

- With the population of 96.2 million as of April 2019, Vietnam ranks among the countries with large population size along with China, India. Therefore, Vietnam has become an active member involved in the global process of committing and developing the National Sustainable Development Strategy. Before the 13th National Party Congress, according to Mr. Pham Chanh Truc (former Deputy Secretary of Ho Chi Minh City - 2019): Vietnam's economy will develop along the path of digital economy, knowledge economy - whereby people are at the center of social development on the basis of harmonizing individual interests, communities interests and the interests of the whole society - and the economy, society, environmental circulation according to natural laws.
- In early 2020, the World Economic Forum chose the theme of "Sustainable World" to take place at Davos, Switzerland and this was also the theme throughout the new decade for individuals, businesses and national scope. According to the assessment in the global report on progress in reform towards sustainable finance 2019 of Sustainable Banking Network (SBN) - IFC announced on October 10, 2019, Vietnam is one of Emerging markets have made significant strides in their efforts to promote the development of the banking and finance industry toward sustainable development and against climate change.
- Joining EVFTA and CPTPP is an opportunity to create conditions for Vietnam to modernize its labor laws and labor relations. Through the revised Labor Law in November 2019 brought Vietnam's

legal framework closer to the basic provisions of the International Labor Organization, creating the necessary legal framework for the labor system relation development and modern working environment in Vietnam.

- Corporate governance guidelines according to Vietnam's first best practice for public and listed companies, it have been developed by the State Securities Commission of Vietnam thanks to the support from International Finance Corporation (IFC), World Bank and the Swiss Federal Economic Bureau, in an effort to improve the quality of listed businesses and towards the highest goal of promoting investor confidence, supporting the growth of Vietnam's stock market and Vietnam economy.



01 OVERVIEW (continued)

RONG VIET'S SUSTAINABLE DEVELOPMENT DIRECTION (continued)

Placing itself in that context as an active member of the stock market, Rong Viet recognizes that the Company's sustainable development orientation will be a combination of the following factors and components:

Viewpoints	Cases applied to Rong Viet
<ul style="list-style-type: none"> Decade of constant change, interaction is very easy in an increasingly flat world. Developing knowledge economy and digital economy. Economic - Society - Environmental circulated in accordance with natural laws Developing financial - banking - securities services associated with green finance. Quality is the foundation and creates value for sustainable development 	<ul style="list-style-type: none"> Building a sustainable development strategy with skill and knowledge development for employees is the center of all activities. Developing online trading/consulting/research services and AI: increase interaction with customers, increase customer experience. Developing products to support green businesses. Attending activities to share responsibility with the community and society. Adding building/existing factors to the sustainable development orientation as when there are systemic risks (such as natural disasters, pandemics, etc.), the construction/survival of an enterprise will be the problem in an urgent situation



Based on the above issues, in 2019, Rong Viet is always serious and strives to carry out the operation chain with the spreading of connection values in the community: the business community, the labor community and business, business community - investors/shareholders, business community - clients and social community to ensure the construction and long-term sustainable development of the Company on the basis of combination between the value of economic benefits and social values in a green environment ecosystem (ESG).

This direction has been built based on Rong Viet's Mission Statement ever since the Company's establishment: "Rong Viet and its people continuously brainstorm and take actions to create the highest value for Clients, Shareholders, and Employees while contribute to the development of the Vietnam Stock Market as well as share responsibilities with the community and the society in the progress of the Country".



Additionally, early in 2020, when the whole world is fighting epidemics and many economies must temporarily lockdown (including trade) and Vietnam is no exception. Vietnam is fighting bravely against the pandemics with a message to connect among the community and help other people. Vietnam government is reducing interest rates, reducing transaction fees on the stock market, stopping increasing electricity bills ... to overcome difficulties. Vietnam companies also contribute their strengths to fight the disease. The business community is reaching out to help each other, together to overcome difficulties. Creating jobs for workers. All are trying to create a stable life for 96.2 million Vietnamese people. At this time, the community spirit will spread faster than the disease. From an economic perspective, businesses that produce and provide services for domestic consumption will take an advantage than ones that are completely dependent on export during this period.

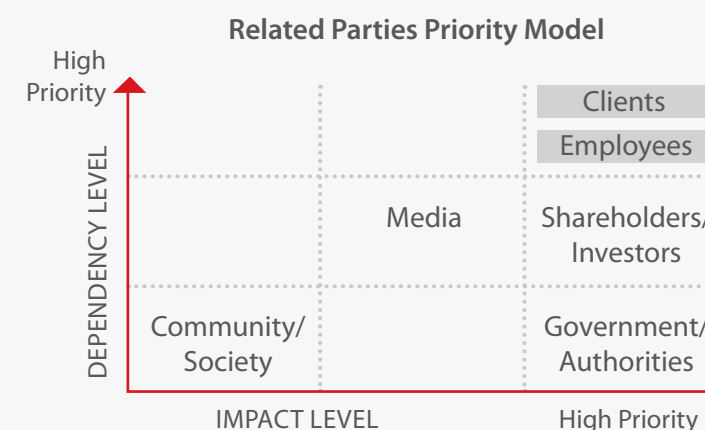
When the economy recovers and trade activities restart, Rong Viet believes that the market will witness an innovation in thinking and action, creating a premise to help Vietnam develop rapidly.

RONG VIET'S SUSTAINABLE DEVELOPMENT TARGETS

Rong Viet understands that the Business Strategy and the Sustainable Development Strategy is a balanced combination of the 03 factors: Economy, Society, and Environment. This can be achieved by proper management that can bring the most benefits to all related parties (according to Alison Ramsden – Leading researcher about Sustainable Development):



As a result, Rong Viet aims to maximize the benefits to these stakeholders by improving the business efficiency, transparency, risk management system, and ethical standards of the Company.





01

OVERVIEW (continued)

RONG VIET'S SUSTAINABLE DEVELOPMENT TARGETS
(continued)

Clients

Benefits

- Significant Returns
- Time Saving
- Trustworthiness
- Capital Utilization
- Investors Community
- Risk Management
- Reasonable Expenses
- Effectiveness
- Goodwill
- Transparency

Useful online products and applications

Values: the harmonious combination of economic benefits and humanitarian business.

Rong Viet's Activities

- Providing various products & services to create more benefits to clients. This is an indispensable development trend in the digital economy as well as the foundation for the interaction between clients and Rong Viet in the context of possible system risks (such as natural disasters, pandemics ...)
- Organizing conferences to connect analysts, brokers, and clients on a regular basis.
- Enhancing communication activities, coverage on social media channels.
- Testing and completing chat rooms for investors.
- Improving the Risk Management activity.
- Improving the credibility of Rong Viet's research products.
- Utilizing capital effectively.

Features & Events in 2019

- Total investment for IT reached VND 12,902,318,239 billion in 2019, including operational improvements, new core updates, software development, and IT infrastructure upgrades.
- 47 morning presentations, 12 conferences and 7 online strategy reports with various topics have been held to present investment ideas to clients.
- In 2019, Rong Viet's Zalo page reached 2,136 clients and 7,118 likes on Fanpage.
- The TabDragon application was officially launched since January 6th, 2020.
- Supporting connect capitals for green companies.
- Internal policy regarding conflict of interests have been update to protect clients on the back of market's volatility in 2019.
- In 2019, Rong Viet was honored as Outstanding Member in custody and M&A activities in the period 2018-2019, and as Outstanding Member in Advisory Activities by the M&A Forum 2018-2019. Rong Viet also achieved Top 10 best annual report 2018 – midcap range.

Reference

- Point 102-11 GRI 102 – Precautionary principle or approach.
- Point 201-1 GRI 201 – Direct economic value generated and distributed.
- The 10th principle of the Vietnam Global Agreement: Companies need to fight corruption in any way, shape, or form.
- Principle 7 – part 2 of the Corporate Governance Code – best international practices: establishing a Risk Management and Control Environment.

Shareholders/
Investors

Benefits

- Information disclosure and Transparency
- Risk Management
- Improving the company's competitiveness and reputation
- Using appropriate and flexible financial leverage

Sustainable Development

Values: the balance between economic benefits and sustainable development

Rong Viet's Activities

- Building a sustainable growth business, taking measures to adapt the unpredictable changes of the current market and society.
- Improving the effectiveness of propriety trading.
- Organizing and report fully financial and non-financial information to BODs and Shareholders.
- Maintaining information transparency.
- Improving the corporate management model, the risk management system, compliance, and business effectiveness.
- BODs self-assessed its performance in the year. Company listen to the guidance and sharing from the BODs. This two-way interaction is one of the important conditions to help the Company develop steadily.

Features & Events in 2019

- Rong Viet's revenue and profit growth rate in 05 years (2015-2019) reached 27.3% and 36.1% per annum, respectively
- Rong Viet's auditor is PWC.
- In 2019, the Company guaranteed to implement the total risk value lower than the total risk limit and lower than 50% of liquid capital. General targets of market risk, payment risk, liquidity risk, operational risk and legal risk are not exceeded.
- Annual cash dividends remain stable at 5%-10% per year.
- The updated Core System with new features that enable Compliance to improve productivity 15-20% higher than last year.
- In June 2019, the Internal Control Department issued a new "Internal control procedure for securities and derivative trading activities" to support staff take many advantages.
- Top 10 securities companies with the largest brokerage market share in the derivatives market in Q3 2019; Top 10 securities companies with the largest market share in HOSE in Q2 2019; Top 10 securities companies with the largest brokerage market share on HNX Q1 2019

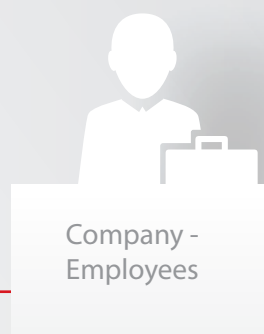
Reference

- Point 102-11 GRI 102 – Precautionary principle or approach.
- Point 201-1 GRI 201 – Direct economic value generated and distributed.
- The 10th principle of the Vietnam Global Agreement: Companies need to fight corruption in any way, shape, or form.
- 5-part reference covers the 10 principles of Corporate Governance Principles - best international practices

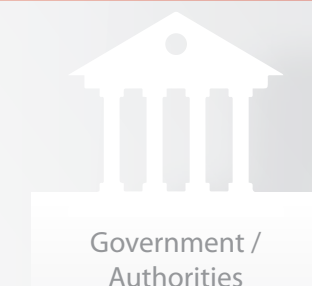


01 OVERVIEW (continued)

RONG VIET'S SUSTAINABLE DEVELOPMENT TARGETS (continued)



Benefits	Rong Viet's Activities	Features & Events in 2019
<ul style="list-style-type: none"> Effective Employee Policy Gender Equality Training & Development Policy Good Working Environment Promotion Opportunity <p>Giving employees skills and motivation to solve the issue independently</p> <p>Values: the harmonious combination between economic benefits and moral values.</p>	<ul style="list-style-type: none"> Completing the system of regulations and guidelines to increase efficiency and in accordance with the general regulations of the State and the Company. Offering training programs that can improve knowledge and skills for employees. Maintaining a balance ratio between male and female employees. Creating a healthy environment for employees to grow. Maintaining the program called "Building Rong Viet's professional corporate culture". 	<ul style="list-style-type: none"> Revising the Regulation on brokers' performance evaluation (1st time), supplement the Regulations on salary payment according to the brokerage operation turnover (2nd time) Organized a series of in-house training courses and outsourced training programs with the expenses of VND 600 million Female employees accounted for 48.2% of the total employees and female managers were 29/71 (42.8%). The Broker Internship Program was successful with 11 out of 50 interns have passed and become full time employees. The total expense of reward in 2019 for the brokerage team and department / individual with outstanding achievements was 135,600,000 VND. Internal communication "OPEN campaign" - together build a professional Rong Viet. Design and issue OPEN notebook: a useful tool for employees to control work goals and how to perform each month. Organizing an annual teambuilding to achieve the Bach Ma mountain with the slogan "Choose attitude when facing challenges is how we decide to succeed", "If you want to go fast, go alone. If you want to go far, go together".
Reference		
<ul style="list-style-type: none"> Point 102-8 GRI 102 – Employee information and other employees. Point 201-1 GRI 201 – Direct economic value generated and distributed. Point 404-1 GRI 401 – Average Hours of training per year per employee. Point 404-2 GRI 401 – Programs for upgrading employee skills and transition assistance programs. Point 405-1 GRI 405 – Diversity of governance bodies and employees. The 6th principle of the Vietnam Global Agreement: Prevention of Workplace discrimination in Vietnam 		

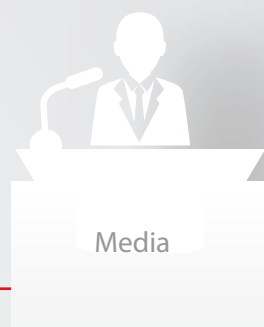


Benefits	Rong Viet's Activities	Features & Events in 2019
<ul style="list-style-type: none"> Compliance to all Laws & Regulations Responsible Investment Contribute to the State Budget <p>Fulfill all responsibilities of a member in Stock Market</p> <p>Values: contributes to the development and transparency of financial markets.</p>	<ul style="list-style-type: none"> Contributing to the development of the Vietnam Stock Market by connecting and learning from other markets around the World. Fulfilling all tax duties. Compliance to all Laws & Regulations. Research and apply the Ministry of Documents, the Code of Conduct issued by the State Securities Commission and encourage using for public and listed companies. 	<ul style="list-style-type: none"> Contributed to the draft change of the Securities Laws. Contributed to the State Budget through VND 8 billion of corporate income tax in 2019. Participated the 2019 Members' Meeting of Ho Chi Minh Stock Exchange. Participated in the ASEAN Wealth Management Forum 2019 (Singapore) from May 22, 2019 to May 23, 2019. Participated in Ho Chi Minh City Economic Forum 2019 on October 18, 2019. Coordinating with the Securities Commission to organize a Training Program on Corporate Governance & Information Disclosure on the Stock Market on November 6, 2019. Conduct research on the Corporate Governance Code - towards best international practices
Reference		
<ul style="list-style-type: none"> Point 102-13 GRI 102 – Membership of association. Point 201-1 GRI 201 – Direct economic value generated and distributed. 		



01 OVERVIEW (continued)

RONG VIET'S SUSTAINABLE DEVELOPMENT TARGETS (continued)



Benefits	Rong Viet's Activities	Features & Events in 2019
<ul style="list-style-type: none"> Information Connection & Sharing Connecting businesses community Introducing investment opportunities <p>Efficient connection</p> <p>Values: improve the information efficiency and transparency on the stock market.</p>	<p>Coordinating with news and media to provide market information and introduce investment opportunities to both current and potential clients.</p>	<ul style="list-style-type: none"> Sponsored for the M&A Forum, the largest annual M&A event in Vietnam, organized by Securities Investment Magazine. In August 2019, Rong Viet sponsored for the IR Awards 2018, contributing to promoting and raising awareness of investor relations in Vietnam's stock market. Rong Viet's CEO gave a speech "How to raise the market capitalization value to 100% of GDP" at the Investment Conference 2019 organized by Nhip cau dau tu magazine on November 05, 2019. In 2019, Rong Viet continuously ranked Top 3 securities companies mentioned most in the press (average 700-750 news/month). Maintaining cooperation and information sharing with FBNC, Securities Investment Newspaper, Nhip cau dau tu, NDH.vn ...
Reference		
Point 203-2 GRI 203 – Significant indirect economic impacts.		



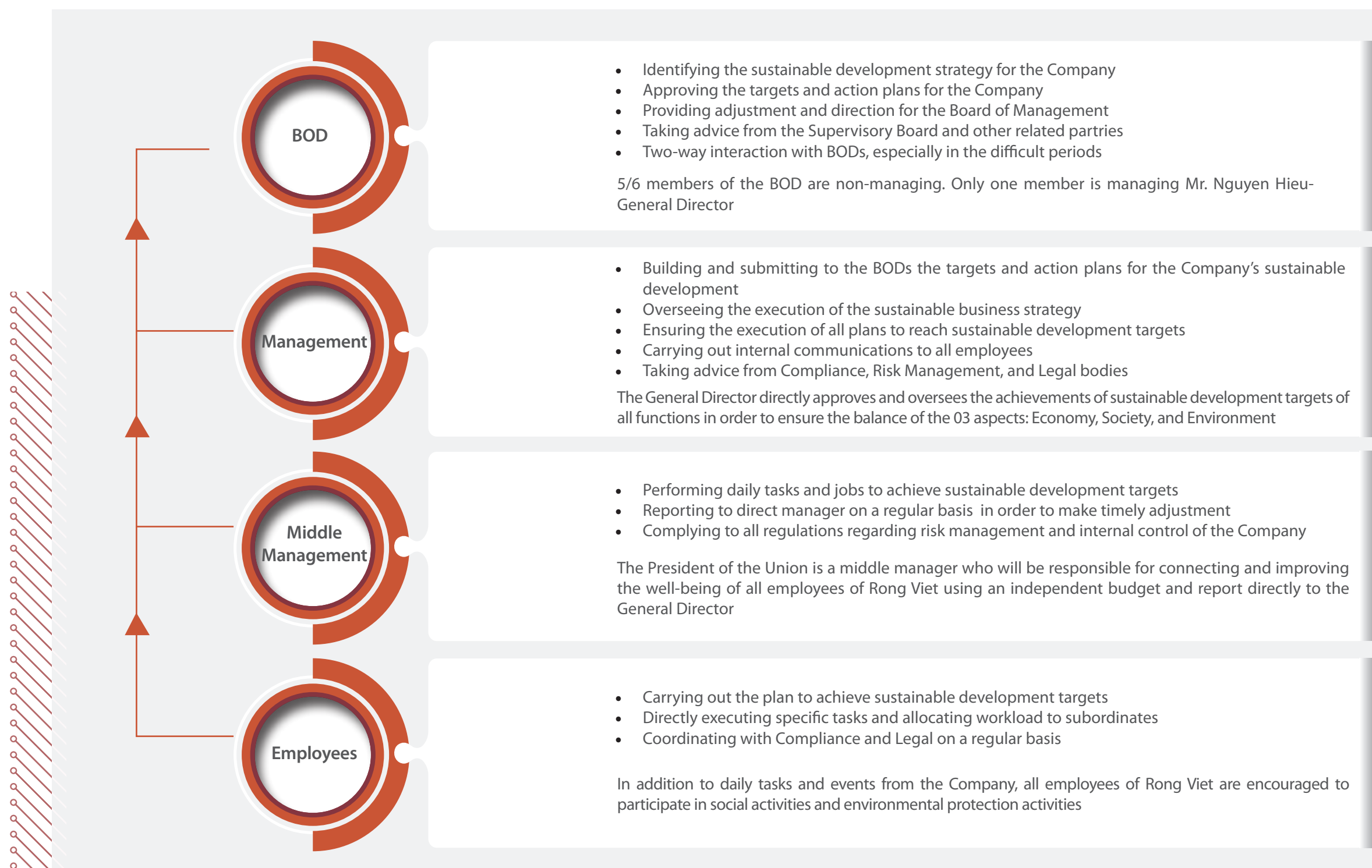
Benefits	Rong Viet's Activities	Features & Events in 2019
<ul style="list-style-type: none"> Helping the less fortunate Investing in education & younger generations Promoting Environmental Protection Saving natural resources <p>Sharing responsibility with the community and protecting the green environment ecosystem</p> <p>Values: contribute to create a civilized social community.</p>	<ul style="list-style-type: none"> Organizing the 8th charity event "Dreaming for School". Sharing difficulties with employees. Sponsoring events in Universities. Using environmental friendly materials in many activities. Launching new procedures and regulations on fire safety and environmental protection. 	<ul style="list-style-type: none"> Rong Viet's employees donated over VND 103.604 million for the "Dreaming for School" event. Employees and related ones contributed over VND 125,100,000 million to sharing loss with a member. Sponsored various competitions in universities such as "Leadership - Career Orientation for Students" at the International Training Institute, participating in evaluating the Finance training program of Ho Chi Minh City University of Economics. Organized Company Tours and Career Orientation day for students from various universities such as International Training Institute, Foreign Trade University, and Banking University. Replaced plastics with paper-based products as well as started to categorize wastes. Issued Announcement regarding work safety and fire safety as well as cooperation with the Fire Safety Body to provide training for employees.
Reference		
<ul style="list-style-type: none"> Point 201-1 GRI 201 – Direct economic value generated and distributed. Point 413-1 GRI 413 – Operation with local community engagement, impact assessment and development programs. The 01st target of the Sustainable Development Strategy to 2030 by the U. N. and Vietnam: Poverty Fighting. The 06th target of the Sustainable Development Strategy to 2030 by the U. N. and Vietnam: Hygiene & Clean Water. 		



01 OVERVIEW (continued)



RONG VIET'S SUSTAINABLE MANAGEMENT MODEL


From the early days of becoming an official member in the financial - securities market, Rong Viet's BODs has always determined that good corporate governance is an indispensable foundation for the stable, efficient and sustainable development business. The first time the State Securities Commission announced the Corporate Governance Code of Conduct in accordance with Best Practices for Public Companies in Vietnam (August 13, 2019) has marked the governance activities in Vietnamese businesses will gradually approach the best governance standards in ASEAN. Rong Viet will continue to research and proactively develop a new Regulation on corporate governance in accordance with the guidelines that the State Securities Commission encourages companies to implement.



02 CHANNELS TO CONNECT RELATED PARTIES

With the orientation of continuously maintaining and developing a sustainable and mutually beneficial relationship with all stakeholders, Rong Viet constantly improves and regularly implements communication channels, aiming to promote information exchange and receive feedback from target groups. This process encourages the participation of all parties and helps Rong Viet to have a multi-dimensional and comprehensive view of the sustainable development goals set out, and timely adjustments towards the sustainable development of the Company:

Related Parties	Media channels	Interaction Frequency
 Clients	<ul style="list-style-type: none"> Consulting directly at Head office, Branches Online counseling via callDragon Call Center (028) 6299 2020, Skype, Yahoo Exchanging with Consultant via phone, in person smsDragon, mailDragon, chatDragon systems Customer support via Rong Viet supporting page: http://www.vdsc.com.vn/en/pages.rv?id=105 The online survey of Rong Viet's products and services at: http://www.vdsc.com.vn/en/survey.rv Comments box at the trading counters Interact with clients via Zalo, Fanpage Livestream activities 	<ul style="list-style-type: none"> Daily Daily Daily Daily Daily Periodic Daily Daily Periodic
 Shareholders/ Investors	<ul style="list-style-type: none"> General Meeting of Shareholders Meeting and discussing with major shareholders and strategic shareholders Providing and disclosing information on Company's Investor Relations page: http://www.vdsc.com.vn/en/pages.rv?id=104 Financial statements, Management reports of the Company Email, papers send to shareholders/investors 	<ul style="list-style-type: none"> Once a year Many times per year Consecutive Periodic Periodic

Related Parties	Media channels	Interaction Frequency
 Employees	<ul style="list-style-type: none"> Year-end review ceremony Congress of Employees and Union Congress Discussing, exchanging directly in the working process Evaluating performances quarterly, yearly Survey, get ideas on many issues such as training needs, Collective Labor Agreement Internal training programs Building team activities Other events: Women's Day, team building, vegetarian buffet... 	<ul style="list-style-type: none"> Once a year Periodic Consecutive Periodic Periodic Periodic Periodic Periodic
 Management	<ul style="list-style-type: none"> Attending to seminars, forums, conferences organized regulatory agencies Disclose information in accordance with the law Consult, contribute ideas to regulations and policies Compliance with laws 	<ul style="list-style-type: none"> Periodic Consecutive Periodic Consecutive
 Media	<ul style="list-style-type: none"> Connecting and providing regular information to the press agencies Sponsors 	<ul style="list-style-type: none"> Consecutive Periodic
 Social community	<ul style="list-style-type: none"> Participating in charity activities, helping individuals and groups in difficult circumstances Activities to support university students such as company tours, job fairs, the stock market guidelines Environmental protection actions in the workplace and society Participating in activities outside society: protect the green environment, World Water Day 	<ul style="list-style-type: none"> Consecutive Consecutive Consecutive Consecutive



03 PROCESS OF ACTIVITY CONNECTION TO BUILD A SUSTAINABLE DEVELOPMENT AT RONG VIET

BUSINESS COMMUNITY - CLIENTS: A HARMONIOUS COMBINATION OF STABLE ECONOMIC BENEFITS AND HUMANE BUSINESS

Providing useful services/products to build more values for Clients



Since the early days of establishment, Rong Viet has always pursued the mission of "Creating the highest value for Clients and Shareholders" and a choice of "Supporting Clients to invest effectively and reduce risks with reasonable fee rates", expressed through its workforce's prestige and creativity, which is the core value.

Therefore, during the past years, Rong Viet has provided Clients with a system of diversified and complete securities services in various means, from direct service at counters to teleservice and online trading service. In addition to traditional brokerage services, because of IT system development, a Client can handle things online, such as opening accounts with liveDragon and call Dragon, registering ETA self-service, placing orders on iDragon, goDragon and tabDragon, using margin service marginDragon, receiving transaction announcement messages via smsDragon or statement of cash / order matching via mailDragon. Transferring cash to bank accounts can be executed through online trading systems developed on many smart technology devices such as tablets, smartphones, etc.

In 2019, Rong Viet launched new products (focusing on online services) to serve clients' needs, in line with the Company's development orientation:

- mailDragon - derivative (launched on June 28, 2019): mailDragon service for trading accounts on the derivatives market, with 3 services: Contract maturity note, Balance note and transaction results, Violation margin using ratio note.
- New features for 2 newly launched products: warrants (deployed on June 28, 2019) and government bond futures contracts (deployed on July 4, 2019)
- Upgraded version with many new features for online trading systems:
 - Derivative price list upgraded version - March 7, 2019: Data was rebuilt with a new, more modern and intuitive interface, incorporating new charts: Chart shows price fluctuations of the futures contract and VN30Index, Chart shows the percentage increase and decrease of futures contracts and VN30Index compared to the price/reference index, Chart of futures technical analysis.
 - Online trading systems on website (iDragon) and applications on smart devices (goDragon, tabDragon): upgrade the systems to be compatible with the derivative updated core system and meet clients' online trading needs for new market products (warrants and government bond futures contracts).
- Completing and preparing to launch new products chatDragon - Messaging with Rong Viet to help clients interact with Brokers and Customer Support Center easier and faster.

Thereby, upgrading IT infrastructure to ensure a safe and efficient operation system in the fast growing market is also the Company's regular investment. In 2019, Company invested in an additional IBM server system, Core software derivative and upgraded basic core, copyright of proprietary account management software. The total investment cost in IT in 2019 was nearly VND 13,000,000,000.



03 PROCESS OF ACTIVITY CONNECTION TO BUILD A SUSTAINABLE DEVELOPMENT AT RONG VIET (continued)

BUSINESS COMMUNITY - CLIENTS: A HARMONIOUS COMBINATION OF STABLE ECONOMIC BENEFITS AND HUMANE BUSINESS (continued)

Providing useful services/products to build more values for Clients (continued)



Moreover, the Company also organized many events and workshops with in-depth topics to introduce Clients investment opportunities, close connecting among Clients, partners, workforce, experts and Management Board, creating an investment community with long-term and sustainable development values and enhancing transparency in information sharing.

Investment topic:

OIL&GAS INDUSTRY - MOTIVATION FROM LARGE PROJECTS

On March 21, 2019, Rong Viet successfully hosted the "Oil&Gas industry - motivation from large projects" workshop at the Head Office. The event attracted many investors, media agencies, and staff members. At the event, Rong Viet experts helped investors to get the market overview in general and the Oil&Gas industry in particular, thereby assessing prospects, making appropriate investment strategies.



Investment Opportunity Sharing Topic:

CENLAND - POTENTIAL AND INVESTMENT OPPORTUNITY

The meeting between Brokers and Research Analysts at Hanoi branch on March 27, 2019 received positive reviews from partners - Century Real Estate JSC (Cenland - CRE) and Investors. After the meeting, Cenland expressed their desire to organize an additional seminar in Ho Chi Minh City with Rong Viet to provide more valuable information for those interested in CRE stock.

Investment Opportunity Sharing Topic:

OPPORTUNITIES FOR INVESTING IN AAA STOCK - AN PHAT HOLDINGS GROUP

On July 24, 2019, Rong Viet cooperated with An Phat Holdings to successfully hold an investor meeting at Rong Viet Head Office. The important information that company provided in the Workshop has helped investors to have more investment options. The meeting received the attention and appreciation from investors and clients.



Investment topic:

SHARING IDEAS WITH INVESTORS IN RONG VIET - CAN THO BRANCH

The meeting with Rong Viet experts helped investors get an overview of the stock market as well as investment opportunities in the second half of 2019. The seminar took place at Rong Viet - Can Tho branch in July 26, 2019 with the participation of brokers and numerous investors.

Investment topic:

STOCK MARKET OUTLOOK IN LAST MONTHS 2019

The workshop aimed to re-evaluate the stock market in the first 8 months and share investment opportunities in the last months of 2019. The event took place on September 5, 2019 at Rong Viet Head Office with the participation of Rong Viet leading experts, press agencies and many clients and investors.



(5 out of 12 notable events in 2019)

03 PROCESS OF ACTIVITY CONNECTION TO BUILD A SUSTAINABLE DEVELOPMENT AT RONG VIET (continued)

BUSINESS COMMUNITY - CLIENTS: A HARMONIOUS COMBINATION OF STABLE ECONOMIC BENEFITS AND HUMANE BUSINESS (continued)

Enhancing risk management practices

The Company is aware that only strong internal management can create sustainable values for stakeholders. As a result, from the date of establishment, Rong Viet have built a rigid risk management system, and updated it regularly over the years to adapt with the market fluctuations.

Regarding Rong Viet's margin lending business, Rong Viet's risk management practices are specified as follows:

- Publishing monthly portfolios of margin trading securities, in compliance with Ho Chi Minh City Stock Exchange and Hanoi Stock Exchange.
- Publishing quarterly reports on capital support other than margin lending, financial statements of the parent company with off-balance sheet items, update reports on brokerage and principal investment in listed stocks business on a weekly basis and daily basis in accordance with requirements by State Security Commission of Vietnam.
- Monitoring fluctuations in the stock market and derivative market, especially stocks with negative news and unusual fluctuations, to suggest exclusion from the portfolio or sales for debt recovery.
- Regarding portfolio management for margin lending, the Company established an investment board whose members are

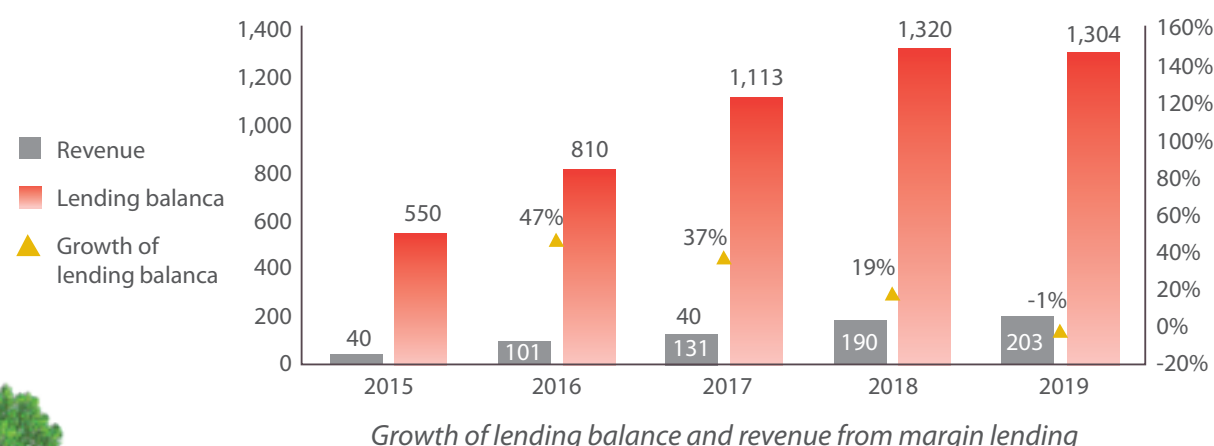
experienced analysts choosing stocks for margin lending. The portfolio of margin trading securities are revised and updated on a monthly basis.

Regarding the supervision and management of margin trading accounts and collateral assets: VDSC established the Financial Service department to manage the margin trading accounts of Clients, notify on a timely manner when the Client accounts decreased, and strictly take action when there is margin call.

The management of margin trading service is based on the modern IT infrastructure, updated with the stock market movements, and thus facilitating Rong Viet's staffs in closely following Clients' portfolio. Besides, Rong Viet's Clients receive updates on their accounts via messages, emails, and online trading applications supporting following the account balance installable on many devices.

In addition, Rong Viet's brokerage staffs provide information, alert and advise Clients continuously as events happen in order to minimize the risks to Clients.

With the above-mentioned management system, Rong Viet's margin lending business has grown fast yet still ensured the risk limit is not exceeded.



Continuously improving the quality and coverage of Rong Viet's analysis products

In order to best satisfy the Client demand for information and professional analysis, the Company always aims to produce diverse, genuine, independent and sound analysis reports that provide Clients a full and genuine view about investment opportunities on the market

Monthly/Annual
Strategy Report

11 reports

Company Report

33 reports

Thematic Report

5 themes

Analyst's Note

307 reports

Fund Support (email,
skype, call, presentation)

261 turns

Morning Café

47 sessions

6am News

267 sessions

Recommended
Investment Portfolio

50-55 tickets with
regular update

In 2019, the Company issued "Policy on conflict management for conflicts related to investment research". This policy describes Rong Viet's methodologies in identifying and managing potential conflicts related to the publication of research reports. Rong Viet's analysts are required to sign a copy of this policy. This policy also describes compliance requirements by which Rong Viet's analysts can/cannot trade stocks in order to ensure independence from the analyzed companies, third parties, Rong Viet's Investment department, or Rong Viet's Investment Banking department.

Input data are selected from trusted suppliers (Bloomberg and FiinPro), and collected directly by Rong Viet's analysts, to ensure integrity and minimal errors. As a result, Rong Viet's research reports are trusted and circulated by many creditable international financial organizations and platforms such as Bloomberg, Reuters, Research Pool, S&P, Factset, Smartkarma, etc.

In the past year, Rong Viet's Research department worked with a Japanese partner to produce some contracted valuation reports and share research reports. In addition, Research also cooperates with Investment Banking division to conduct 3 deals with the role of supporting writing analysis reports and comments on listed companies.

In addition, Rong Viet's Research department always have independent and straightforward views on events on the financial markets, with the hope to ensure transparency of the market, fairness between investors, and sustainable development of Vietnamese financial market.

Via the above-mentioned activities, the Company have proved Rong Viet's seriousness and efforts to develop sustainably, especially via transparent sharing and highest support to bring the best values to Clients, domestic and foreign investors



03 PROCESS OF ACTIVITY CONNECTION TO BUILD A SUSTAINABLE DEVELOPMENT AT RONG VIET (continued)

BUSINESS COMMUNITY - CLIENTS: A HARMONIOUS COMBINATION OF STABLE ECONOMIC BENEFITS AND HUMANE BUSINESS (continued)

Using capital efficiently



In order to meet the increasing demand of Clients and the fast growth of the securities market, the Company provided a margin balance of VND 1,304 billion in 2019, a decrease of 1.2% compared to that of 2018, in order to limit the payment risk. From 2/2/2018 till the end of 2019, VDSC advances for securities sales are free of interest charge. Margin borrowing with 2 days free interest expense is applied to all clients. Although this service reduces the total revenue by nearly 1.8% of each corresponding service in 2019, VDSC is still determined to provide customers and institutional clients with effective access to capital. This practice is under the strict supervision of the Internal Audit and Risk Management department.



As for the Investment Banking business, the Company always put ESG in connecting businesses and financial investors, strategic investors and public investors. In particular, the fundraising activities not only bring values to the individual business, but also create social values such as synergy values between parties, local partnership, or new technology application that reduces negative environment and social impact. In 2019, the Company has closed 84 deals on IPO, private placements, listing, divestment, valuation and M&A (an increase of 1.8 times compared to that in 2018)

As for Rong Viet's M&A advisory business, in 2019, the Company has been selected by 2 companies in the energy industry and introduced new projects for sale. With a wide operating network, the M&A department also has many contacts with the buyers - all big corporations operating in the fields of oil and gas, energy, infrastructure ... in Malaysia, Philippines, Korea, China. The Company is trying it's best to raise fund for these green businesses, according to the spirits of the Ministry of Finance from the Decision No. 2183/QD-BTC regarding the action plan of the finance industry in implementing the national plan for green growth to 2020. This project is expected to create jobs for local people, sustainable tax income for the local governments, and positive impact on the environment via renewable energy sources such as wind power and solar power.

Awards & landmarks: the result of Rong Viet team's efforts in 2019



08/2019

Rong Viet was recognized "M&A Forum as an outstanding securities firm in 2018 - 2019", category was voted by the M&A forum 2019

09/2019

2019 Rong Viet was honored as a typical member of the auction consultancy 2018 - 2019 by HOSE

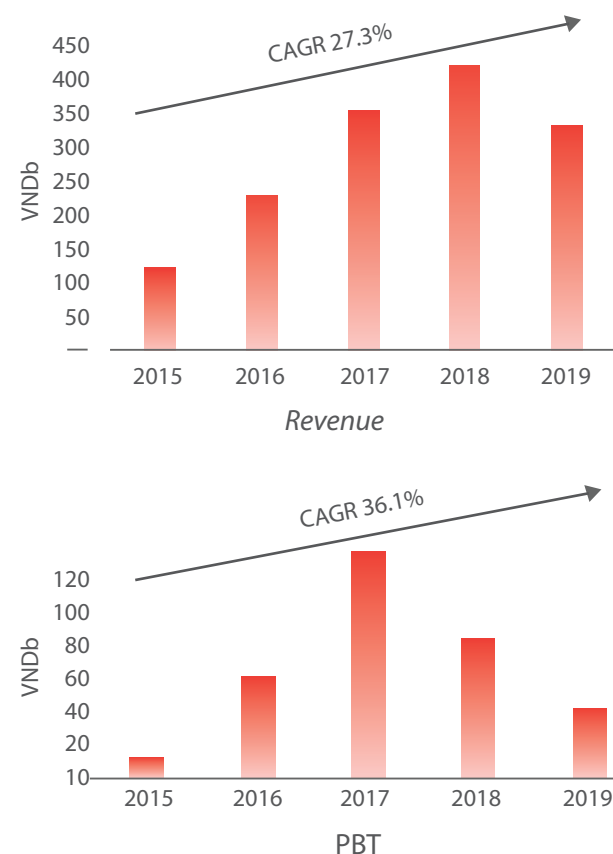
11/2019

Rong Viet won the award "Top 10 Best Annual Report 2018 - Medium Capital Group"

03 PROCESS OF ACTIVITY CONNECTION TO BUILD A SUSTAINABLE DEVELOPMENT AT RONG VIET (continued)

BUSINESS COMMUNITY - CLIENTS: A HARMONIOUS COMBINATION OF STABLE ECONOMIC BENEFITS AND HUMANE BUSINESS (continued)

In 2019, unfavorable movements of the stock market have significantly affected the business results of Rong Viet. Rong Viet's PBT of 42.5 billion. From a long-term perspective, Rong Viet has maintained growth in the past 5 years with an average growth rate of 27.3% / year in revenue and 36.1% / year in PBT (corresponding to the increase of VN-index is 15.3% / year). The company pays dividends of 5%-10% / year.



Building a management and operation system is a long-term journey of the Company in the past 12 years. Rong Viet's management system is comprised of three separate pillars: Business – Support – Supervision. Building a strong management system requires two elements: humans and tools.

Regarding humans, Rong Viet have developed a culture of integrity, compliance, and caution in every aspect. For tools, the company has built a system of operating procedures for nearly all activities, from business to support and supervision. Rong Viet have invested in the IT system for all businesses at the highest extent, e.g. purchases Firewall device for all branches, account management software, and live chat.

Rong Viet's risk management system is built on the basis of regulations on risk management practices

and criteria for securities industry. Besides, the company has digitalized all risk factors and measured risk levels based on discount rate for available capital. This ensures a high level of safety in capital preservation, and allows flexibility in adjusting risk levels when the Company changes its business strategies. In June 2019, Internal Audit department has issued a new "Internal control procedure of trading securities and derivative securities" to help professional staff meet advantages in their work.

Computerization is being promoted in 2019 to promptly detect and prevent potential risk factors, most notably the Core system investment with many utilities that support the Internal Audit department increase productivity 15-20% higher than before. Thereby, in 2019, the Company has ensured that the total risk value is lower than the total risk limit and less than 50% of the available capital. General indicators on market risks,

payment risks, liquidity risks, operational risks and legal risks are not exceeded. In particular, the risk of proprietary trading reaches 38 % of the set limit, the average market risk of margin operation reaches 59% of the limit. These are the two indicators that have the largest impact on the total risk limit

The Company has selected big audit firms PwC to perform the audit to ensure transparency and creditability. Financial statements are published on the Company's website on a sufficient and timely manner.

During the year, the Board of Directors assessed the performance of the year. VDSC always listened to the direction and sharing from the Board of Directors. Two-way interaction is one of the important conditions to help the Company develop steadily, especially in difficult market times.

Awards & landmarks: The result of rong viet team's efforts in 2019



03 PROCESS OF ACTIVITY CONNECTION TO BUILD A SUSTAINABLE DEVELOPMENT AT RONG VIET (continued)

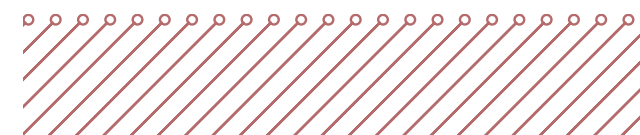
BUSINESS COMMUNITY - WORKERS: A HARMONIOUS COMBINATION OF ECONOMIC BENEFITS AND MORAL VALUES

Ensuring employees salary, bonus and benefit policies



As predicted of the market situation in 2019, securities companies in general and Rong Viet in particular have experienced a difficult and stressful year. These also directly affected not only the Company's business performance, but also contributed to the change of strategic orientation of human resources during the past year. In 2019, The Board of Management has approved the direction for human resource development in terms of quality. The HR Department has applied the criteria to more strictly control the input of recruitment; besides, issuing and revising regulations on employee evaluation, contributing to improve the quality of employees and ability to stronger engagement to job.

Stabilizing income and ensuring benefits for employees, were the Company's top concerns, contributing to the sustainable development the Company. In 2019 VDSC adjusted its basic salary in accordance with the regional salary stipulated by the Government (January 2019) and executed income adjustment for employees. Accordingly, the total employee cost in 2019 was VND 95 billion (including salaries, bonuses, benefits, recruitment & training, vacation for employees) with the average salary was VND 17,037,000 per employee. The total employees participating in compulsory insurance by the end of 2019 was 287, with the insurance expense (Social Insurance - Unemployment insurance - Health insurance) was 9,923,149,000 VND.



In order to reinforce employees' income and tie-up with Rong Viet, the Company always cares and complies with State regulations regarding benefit and insurance policy implementation for employees. Moreover, the Company focuses in particular on development of voluntary benefit policies to enhance employees' commitment, as well as increasing competitiveness in the market. The total welfare amount paid in 2019 was VND 2,429,523,282, 14.2% higher than 2018, including programs such as periodic medical examinations, maternity benefits, uniforms, International Women's Day (March 8), International Children's Day (June 1), National Day (September 2), insurance renewals (health insurance/ accident insurance), surgical insurance, and weddings . Vacation expense was VND 2,823,786,000

In 2019, salary, insurance and personal income tax payment were transparently and privately executed to ensure employees' benefits and comply with current law provisions. Personal income tax settlement and 2018 tax declaration were strictly implemented by the HR Department and Financial& Accounting Department in accordance with the law regulations. The personal income tax amount paid in the period was VND 9,512,459,330.

The company's income policy accompanied with a target, a motivation for employees to constantly strive, increase their work productivity and quality, as well as fulfilling their assigned tasks. Apart from 13th month pay and year-end bonus, the Company also advocates regular or extraordinary rewards for collectives and individuals gaining good achievements, contributing to improving business efficiency or winning awards lifting VDSC's reputation in the market. Specifically, to encourage brokers to exceed monthly targets, the Company rewarded outstanding brokerage teams in 2019 with VND 115,600,000 (increase 65% yoy) - including excellent monthly brokers, potential monthly brokers and the most effective brokerage team of the quarter. Furthermore, the Company executed extraordinary rewards collectives and individuals with good achievements, contributing to improving business efficiency, with incurred cost of VND 20,000,000.

Moreover, the Company always ensures to exactly carry out severance allowance regulations so that employees can receive adequate benefits after resigning at the Company. The total amount of severance allowances paid in 2019 was 74,975,000 VND.

According to the Board of Management, expanding workforce is always the focus towards the Company's sustainable development, especially in the trend of developing knowledge economy and digital economy. The Company is aiming to improve staff quality, remain good benefit policy combined with creating a closer working environment is a motivation for employees to devote themselves to the Company's sustainable development.





03 PROCESS OF ACTIVITY CONNECTION TO BUILD A SUSTAINABLE DEVELOPMENT AT RONG VIET (continued)

BUSINESS COMMUNITY - WORKERS: A HARMONIOUS COMBINATION OF ECONOMIC BENEFITS AND MORAL VALUES (continued)

Completing systems of regulations and forms procedure

With the orientation of completing organizational structure, systems of relevant regulations and guidelines to rise the Company's efficiency and applicability, matching the Government's general regulations and enterprises, in 2019, the Company revised, adjusted and re-issued regulations as follow:

- Modify the probationary brokerage program (1st time);
- Amending Regulation on assessing the achievement of the brokerage team (1st time);
- Amending and supplementing the Regulations on payment of wages according to the turnover of securities brokerage activities (2nd time).
- Update constantly and timely human resource management software to suit changes in policies and regulations related to payroll, labor management, recruitment, training...

As a result, leading to complement in the Company's training and management policies, to improve working environment and staff quality.

Reflecting accurately and comprehensively staff capacity

Rong Viet applies a staff evaluation system at the very first recruitment stage with higher screening criteria than 2018. Strict selection indicates Rong Viet always considers quality of human resources as one of the top criteria. In addition, staff evaluation is periodically carried out after employees complete their probationary, re-appointment and labor contract re-signing, income adjustment and year-end evaluation.

Three major criteria proposed by Rong Viet during the evaluation are professional competence, working skills and attitude; thereby, the Company can correctly and full evaluate staff's potential development. In the upcoming time, with a goal of building and applying an all-inclusive evaluation system, Rong Viet will gradually improve the system and attach income with work performance, ensuring fairness among all employees.



Training and developing staffs

Training staff's professional capacity and working skills is an important factor to build and develop Rong Viet's team. Training programs are all carefully selected and invested in their content, objects, organization, and the Company specially pays attention on effectiveness in post-training. In 2019, Rong Viet implemented internal trainings combined with outsource trainings, and supported employees to attend professional training courses with a total cost of nearly VND 600,000,000.

Outstanding In-House trainings in 2019

- Organized 06 workshops of Investment Banking Division.
- Internal training of brokerage department: 04 programs.
- Organized 03 specialized group training programs for Brokers (technical analysis, portfolio development ...)
- Organized 02 orientation sessions on new personnel policy for all employees
- Training course "Copywriting - applications in life and sales" for Head Office staff.
- Management training knowledge for related employees.

Outstanding outsourcing training programs in 2019

- Training course "coaching skills (coaching) intensive psychology
- Training course "Breakthrough leadership"
- "Leader Mindset" - Training to change the leadership model
- "Middle management skills" - PACE
- A number of intensive M&A course, Behind the Number. Method of detecting fraud Financial statements, Standards of Financial statements IFRS, Data analysis....
- 28 training courses for securities professional practice certificates.
- In addition, with the approval of the Board of Directors, the Company has supported the cost of CFA for 3 employees to motivate to successfully complete the test at total cost of VND 22,800.000.



The average total training time of the Company in 2019 is 5.04 hours / person (up 23% compared to 2018); in which managers are 4.81 hours / person / year and employees are 5.11 hours / person / year

03 PROCESS OF ACTIVITY CONNECTION TO BUILD A SUSTAINABLE DEVELOPMENT AT RONG VIET (continued)

BUSINESS COMMUNITY - WORKERS: A HARMONIOUS COMBINATION OF ECONOMIC BENEFITS AND MORAL VALUES (continued)

Training and developing staffs (continue)



Additionally, the Company also has an encouraging policy to support a part of expenses for employees attending trainings and seminars replied on their job demands. In addition, the Company held In-house Class Company to train derivatives for whole staff.

Regarding results, the Company currently has 66 employees passing the Examination of Practicing Certificate, including 43 Securities Brokerage Certificates, 12 Financial Analysis Certificates and 11 Fund Management Certificates, and 06 employees remaining have applied and waited for practicing certificates issued.

Training is not only defined solely in the programs being taught, Rong Viet also provides its employees with "Open Handbook" with creative designs, interwoven with images of Rong Viet's personnel. The notebook records weekly, monthly and annual plans laid out by its owners. Then based on the implementation situation, the completed work will be checked. The company wants to provide employees tool to plan and independently solve problems, achieve their goals.

Focusing on investing in Rong Viet's training activities over the years also partly confirms how concerned it is in human resources development in general and contributes to the orientation of staff's professional development in particular. Improving employees' professional capacity and working skills is not only participating in short-term training courses, but also focusing on practical training by work rotation, assignment and delegation. In addition, the Company focuses on practical training through the rotation of work, assignment, and authorization other works... Every year, Rong Viet plans potential employees to build and foster their next generation. This is also one of the tasks focused to contribute to the Company's sustainable development goal.

Workforce diversity and balance

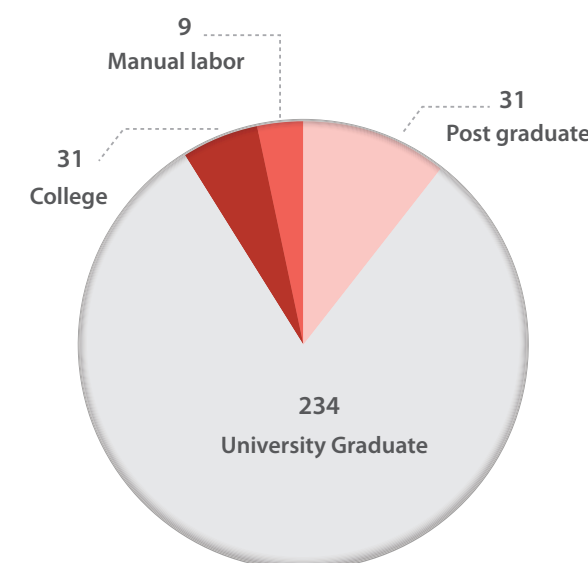
The total number of existing employees as of December 25, 2019 of Rong Viet was 290, down 12.1% compared to 2018 (December 26, 2018). Details:

Female employees	Management employees	Resigning employees	New employees	Has renewed labor contract with
147 people	71 people	124 people	84 people	80 people
(Accounting for 48.2% of the total), down 7.5% compared to 2018	(Accounting for 24,5% of the total), up 4,4% compared to 2018	Accounting for 42.8% of the total	Down 40,4% compared to 2018	17 of which were indefinite term

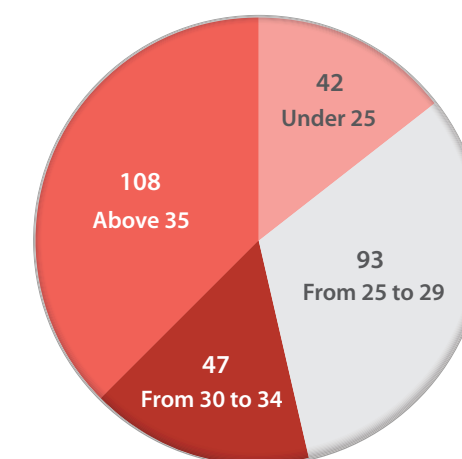
Fairly balanced ratio between male and female staff at Rong Viet also partly shows the Company's support to gender equality issue (143 male/ 147 female). At Rong Viet, every employee has same development opportunities, regardless of their gender. The increasing number of female employees participating in the management team also proves women role in Rong Viet's organizational structure. Currently, the number of female employees who are managers is 29 out of 71, accounting for 40.8%.

Female employees are always facilitated as much as possible. Further, the Company also has supporting policies for female staff during pregnancy, medical examination and treatment, as well as supporting income policies during their maternity leave.

The majority of the Company's team are young, dynamic and enthusiastic staff (accounting for 50%). The Company always creates favorable conditions for young potentials to integrate and offers many opportunities for them to demonstrate their capacity and development. The young heirs are the core force contributing not only to the sustainable development, but also to general development of the stock market.



Employees Breakdown by Education Level



Employees Breakdown by Age



03 PROCESS OF ACTIVITY CONNECTION TO BUILD A SUSTAINABLE DEVELOPMENT AT RONG VIET (continued)

BUSINESS COMMUNITY - WORKERS: A HARMONIOUS COMBINATION OF ECONOMIC BENEFITS AND MORAL VALUES (continued)

Non-stop improvement of working environment

Rong Viet's current working environment satisfies staffs' working needs, equipped with modern and spacious rooms, a professional air-conditioning system and spacious working arrangement. Moreover, a professional cleaning team ensures a clean, safe and healthy working environment for employees. In addition, the working space always fresh, especially the dining area; creates a sense of comfort even at work or at lunch break

Building an enthusiastic and engaged team



Labor relations play an important factor in creating a working environment ensuring staff's long-term commitment. Hence, in 2019, Rong Viet invested in implementing many programs to enhance unity and "keep fire" for employees.

Last year, the Company cooperated with its Trade Union to organize many activities attracting numerous employees, creating exchanging occasions among the headquarters, branches and departments. Particularly, there were some outstanding activities:

- Vegetarian buffet is held in January and July yearly
- Establish a women's soccer team to compete in the APG Tournament 2019
- Organize Mid-Autumn Festival for employees' children in September 2019
- The men's soccer team participated in the VSD tournament (November 2019) with the support of the Board of Directors, the Executive Committee of the Trade Union, hired professional coaches to train the team.

Additionally, Rong Viet also organizes many periodic activities to lift staff's health and spiritual life, such as weekly yoga club for females, weekly soccer club for males và females, celebrating birthdays, visiting and sharing with employees' families who are in need of support, etc.

Especially, in 2019, the Company first launched Rong Viet Library. In the past time, after the programs calling for support for employees and relatives, the Executive Board of Trade Union decided to establish "Rong Viet Charity" to help and support cases such as: Annual school scholarships for children of employees who losing a father or mother, past away employee.



Rong Viet bookshelf continues to be a place for all Rong Viet staff to read, choose to read or borrow books to read. Rong Viet bookshelf is diverse in genres from self-development, management, entrepreneurship, stock-investment, economics-history, literature, education... to promote employee reading habits. As a result, we aim to develop skills, awareness, positive thinking, and useful contribution to the development and improvement of ourselves.

Yearly, the General Director annually has two talks to share the corporate culture with all employees, helping them understand the orientation of uniformly developing and building Rong Viet's culture.

The labor relations activity is also manifested through organizing large-scale events for all employees such as: 12 year anniversary party, March 8, Year-End party, Ceremony of summarizing

and honoring outstanding individuals and teams ... In particular, the most meaningful engagement activity in 2019 is the Team Building Program in Da Nang - Hue - Hoi An, held in July, 2019. The special of the program is conquering the Bach Ma mountain has really brought unforgettable experiences and emotions to all employees: we have been together, the 12th stage is not too long, but it has proved solidarity and consensus for the common goal of Rong Viet; each individual with each unique strength has combined to create a solid Rong Viet in every step, strong in front of all adversities - these are the values that always exist and endure along with Rong Viet culture and brand. "Each individual only when conquering his own limits can collectively stand before the new heights" - is the message that the General Director wants to convey to all employees, perseverance and perseverance gold is always something we feel when we have the opportunity to talk to him. We are all proud to be a member of Rong Viet.





03 PROCESS OF ACTIVITY CONNECTION TO BUILD A SUSTAINABLE DEVELOPMENT AT RONG VIET (continued)

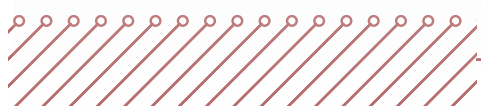
BUSINESS COMMUNITY - WORKERS: A HARMONIOUS COMBINATION OF ECONOMIC BENEFITS AND MORAL VALUES (continued)

Building an enthusiastic and engaged team

In 2019, the Company has launched the OPEN campaign in order to build a professional corporate culture for Rong Viet in which employees were aware of the proper image of the Company: "Beautiful" in terms of manners, "Professional" in terms of working attitude as well as building a nice image for oneself that can meet the high standards at work.

Besides fulfilling all job-related duties and participating in campaign set by the Company, employees were encouraged to participate in other social activities to improve health as well as protect the environment such as: Dalat Ultra Trail 2019, Ho Chi Minh City Marathon, Green Living Day 2019, etc.

In general, all programs and campaign that Rong Viet has done in 2019 has generated a collective power that served as a foundation for the Company to achieve sustainable development in the future.



Creating opportunities for successors to grow



The Broker Trainee Program continued to be carried out in 2019. The program brought working opportunities to newly graduated university students so that they can become a full-time staff after being trained for a professional brokerage career. There have been 52 trainees that were trained in 2019, and 11 of them have been recruited as full-time staff afterward (accounted for 12%), reflecting the success of the program.

In addition, other functions also offered internship to 3rd year and 4th year students from various universities who knowledge and skills matched with the needs of those functions. These students had to go through 02 rounds of interview with HR and the function before being admitted. Afterward, they could choose a flexible working schedule that fit their needs and would be paid in accordance with their contribution. Furthermore, they got a chance to experience the real situation, thus accumulated the necessary knowledge and experience. After the internship, if needed, the function(s) could request to offer the intern a full-time position.

THE ENTERPRISE COMMUNITY – THE AUTHORITIES: CONTRIBUTIONS TO THE DEVELOPMENT AND TRANSPARENCY OF THE FINANCE – SECURITIES MARKET

Contribution to Vietnamese stock market



In 2019, Rong Viet Securities Corporation has had many activities and participation to the development and transparency of the Finance – Securities Market as an active member of this community.

On September 13, 2019, Rong Viet's representative attended the annual meeting organized by the Ho Chi Minh Stock Exchange (HOSE) with the participation from the State Securities Commission (SSC), the Ha Noi Stock Exchange (HNX), the Vietnam Securities Depository Center (VSD), other related authorities and guests. At the meeting, HOSE recognized Rong Viet has an outstanding member in the activity of listing advisory, auction, and launching the Covered Warrant product on HOSE.

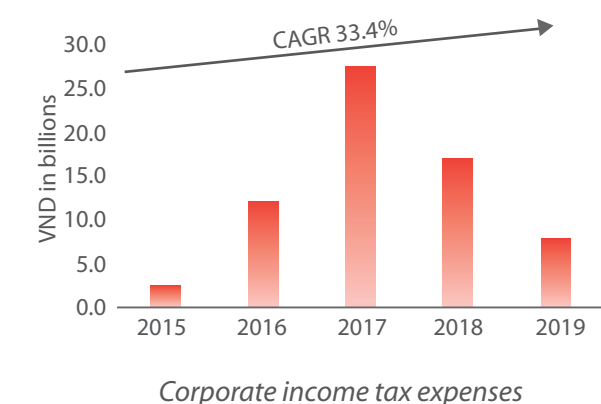
Rong Viet's representative also participated in the "Ho Chi Minh City Economic Forum (HEF) 2019" organized by the Ho Chi Minh City Business Association (HUBA), Ho Chi Minh City Department of External Affairs, the State Capital Investment Company (SCIC), Fullbright University (Vietnam Campus). The purpose of the forum was to set a direction and build a plan to develop Ho Chi Minh City into an international financial hub in the region under the request of the Ho Chi Minh City Council to the SCIC and Fulbright University.

In November 2019, the Company cooperated with the SSC and the HSX to organize a training session in Corporate Governance and Information Disclosure on the stock market. In this session, Rong Viet has shared the Holding Company model with representatives from 40 companies in the Dong Nai province area.

In May 2019, the General Director of Rong Viet participated in the "ASEAN Wealth Management Forum 2019" in Singapore in order to update about the World market situation along with over 350 other CEO, COO, and wealth managers from various banks, insurance companies, wealth management companies, and corporations.

Complying with legal regulations

During its business operation, Rong Viet has always been strictly complied with legal regulations and cooperated with the authorities. Rong Viet has complied with and maintained its business conditions in accordance with securities trading regulation, abided regulations on investment and restricted investment, as well as disclosed information timely and fully. Over the past 12 years, Rong Viet has never been fined for failing to be in compliance with regulations or any decrees/circulars issued by the authorities in charge of securities market.





03 PROCESS OF ACTIVITY CONNECTION TO BUILD A SUSTAINABLE DEVELOPMENT AT RONG VIET (continued)

CORPORATE COMMUNITY – MEDIA AGENCIES: COOPERATING AND SUPPORTING MEDIA AGENCIES TO IMPROVE THE TRANSPARENCY ON THE STOCK MARKET

Aiming to contribute to the overall development of the media network, including widespread of valuable information to investor community as well as facilitate relevant events and activities, it was a pleasure for Rong Viet to become a sponsor for various events organized by the media press agencies. In 2019, Rong Viet was honored to sponsor the Client Partner Program for the M&A Forum (Vietnam's largest annual forum on M&A and Investment connection) organized by the Securities Investment News. In addition, in August 2019, Rong Viet also participated in the IR Awards 2019 event, helping to raise the awareness about the importance of the IR activity in the Vietnam stock market.

The Company also sponsored for the initiative "Fusing forces for development" by Securities Investment News with the message "Rong Viet always tries to support corporate gain access to capital" by identifying Rong Viet's clients' competitive advantages and suitable capital structures for these clients.

On November 05, 2019, Mr. Nguyen Hieu, Rong Viet's General Director, had a speech called "How to increase the Vietnam stock market capitalization value to 100% of GDP" at the Investment Conference 2019 held by Nhip Cau Dau Tu Magazine. According to Mr. Nguyen, privatization, state divestment in SOEs, and new IPO of large companies, both state-owned and private, is the key factor for the Vietnam stock market capitalization value to reach 100% of GDP in 2020.



Mr. Nguyen Hieu
Rong Viet's
General Director

Rong Viet also actively built a strong relationship with various media agencies by provide information on a regular basis to the Vietnam Securities Times, Bizlive Online, CafeF, Dan Tri Online, Vietstock, Sai Gon Entrepreneur Online, Securities Investment News, etc. The Company also cooperated with the FBNC News to do stock commentary 04 times per month as well as worked with HTV & VTV to provide market commentaries on the news. In 2019, Rong Viet was among the top 03 most mentioned securities companies on the news (700-750 news per month on average).

RONG VIET – A MEMBER OF THE SOCIETY: SHARING RESPONSIBILITIES WITH THE COMMUNITY AND PROTECTING THE GREEN ENVIRONMENT

Sharing the responsibility with the community and the society



Besides contribution to the development of stock market, Rong Viet continues to be active in sharing responsibility with the community and the society via programs like "Spring with Love" and "Dreaming for School". In details, in 2019, the company had continued its participation and sponsorship for "Dreaming for School" program that has gone through 08 years. The event occurred in July 2019 at Xuan Tam 1 elementary school, one of the poorest schools in Dong Nai province. The activities including: giving supplies to the kids and the teachers, building a new toilet area, renovating the structure, painting the walls, cleaning the area, etc. have been carried out with warm love among the students, the teachers, the local forces, and employees of Rong Viet. The total contribution value reached VND 103.6 million.

Besides "Dreaming for School", another charitable activity organized by Rong Viet is "Spring with Love 2019", which takes place every year during the Tet holiday, to bring joy and happiness to many unfortunate people. In 2019, Rong Viet's representatives have come to Phuoc Chi ward, a remote area in Tay Ninh province where people made little by growing rice. Rong Viet has brought gifts and supplies to 96 families in this area, most of which were the elders and sick people. The total contribution value reached VND 62.1 million.



03 PROCESS OF ACTIVITY CONNECTION TO BUILD A SUSTAINABLE DEVELOPMENT AT RONG VIET (continued)

RONG VIET – A MEMBER OF THE SOCIETY: SHARING RESPONSIBILITIES WITH THE COMMUNITY AND PROTECTING THE GREEN ENVIRONMENT (continued)

Sharing the responsibility with the community and the society (continue)



In 2019, the Company had given special support and care to employees that were in difficult situation. Specifically, Rong Viet's staff and other sponsors, including ex-employees, had raised in total VND 125.1 million to support the family of a deceased employee after his passing.

The act of giving out "Lucky Money" was traditionally applied for current employees as a gesture of good luck at the beginning of the traditional New Year. However, this year Rong Viet also save a portion of the charity fund to give it to the children of the deceased employee with the value of VND 2 million per child.

The year 2020 will certainly be another year of many more charitable events. The Company is conducting survey in the hometowns of its employees, to find another destination for its 9th program "***Dreaming for School***" before this new school year, as well as for the program "***Spring with love***" to continue bring festive Tet holiday every year.



The CEO's assessment on corporate's responsibility with the social community: As determined on the mission of Rong Viet, other than contribution to the development of the stock market, Rong Viet would not forget its responsibility to the society and community; through various charitable and voluntary programs, the Company has played a part in sharing the difficulties with and supporting unfortunate young generation. These practical activities would help Rong Viet stay closer to the whole community's objective, towards achieving a sustainable future.



Developing the next generation



For career orientation purpose, Rong Viet has helped young students to have real-life experience before making their own career decision. Through the Internship training program in 2019, Rong Viet welcome nearly 150 final year students from Foreign Trade University, Ho Chi Minh City University of Economics, RMIT and Ton Duc Thang University...to participate in the "Company Tour" program. Via this program, these young students had the taste of a real professional working environment and involved in many useful training courses prepared by the Company itself.

In the past year, the Company was honored to participate in evaluating the new program for the Finance major of the Ho Chi Minh City University of Economics and the new teaching materials for the Finance – Banking major of the Ho Chi Minh City Open University.

Supporting young talents and creating a nurturing environment to grow is something that Rong Viet has been doing and will be doing in order to build a responsible and sustainable company.



03 PROCESS OF ACTIVITY CONNECTION TO BUILD A SUSTAINABLE DEVELOPMENT AT RONG VIET (continued)

■ RONG VIET – A MEMBER OF THE SOCIETY: SHARING RESPONSIBILITIES WITH THE COMMUNITY AND PROTECTING THE GREEN ENVIRONMENT (continued)

Developing the next generation (continued)

A list of some sponsored programs at university for Internship recruitment in 2019:

Time	University	Program
03/2019	International School of Business (ISB)	Leadership – Career Orientation
Monthly	Major university in the area	Internship
06/2019	International School of Business (ISB)	Company Tour
05/2019	University of Economics Ho Chi Minh City (UEH)	Evaluation of the new Finance Major program
06/2019	Open University	Evaluation of the new teaching materials for the Finance – Banking major
09/2019	Industrial University	Recruitment Day 2019
10/2019	Foreign Trade University (FTU)	Company Tour
11/2019	Industrial University	Student Evaluation Program

Saving, protecting natural resources and the environment

Saving, protecting natural resources and the environment is always the top concern of Rong Viet. This mindset has been materialized into the Company's Labor regulation and been strictly followed and abided by all employees.

In 2019, the Company continued to pursue environmental protection by creating a good habit for employees and their family, the community using the following practices: Each employees equip himself / herself an environmental friendly water cup to use in the office; use glass bottle to carry water when to out; use cotton bags when shopping; bring one's own lunch instead of ordering foods; replacing plastic containers with glass ones. As for the Company, no plastic bottle will be provided during internal meetings. The cafeteria is always kept clean with 02 microwaves to serve employees' needs.

Besides, the Company started to separate its waste into recyclable and biodegradable categories, to establish an environmental friendly habit for all staff, as well as to respond to environmental protection policies of the city. Over the past 12 years, Rong Viet has never received any fines over environmental violations.

In addition, in 2019, Rong Viet had conducted inspection and replaced almost-expired fire extinguishers to ensure fire safety. Rong Viet's staff also been trained on fire prevention and fighting regulations like turn off un-used electrical devices as per regulations, safe evacuation when there is fire alarm... For example, the Company implemented Announcement No. 472/2015/TB-HCQT regarding hygiene and fire safety working environment. Every year, Rong Viet cooperated with Local Fire Protection Authorities to organize workshops on Fire Protection. This helps to protect not only the Company's assets but also the assets of its employees and nearby people and organizations

The Company always did monthly check up on its air conditioning system and indoor ventilation system to avoid dirt accumulation and decrease in the system efficiency, to reduce electricity consumption. Rong Viet always repaired failures in a timely manner to avoid energy loss for the system.

All Rong Viet's staff Rong are constantly reminded to "Save electricity and water" to preserve these two precious resources:

“

According to the General Director, environmental protection is the right and obligation of each and every member of Rong Viet's family. The Company always implements new activities related to environmental preservation and guides the staff to form this habit from everyday activities in the Company. This is considered as a practical objective to contribute to not only a sustainable growth for the Company but also a clean and green environment for the city.





04 GRI STANDARDS INDEX

GRI Standards	Disclosure Information	Report Content	Page
GRI 100: Universal Standards 2016			
Organization Information			
102-1	Name of the organization	Company Overview	13
102-2	Activities, Brands, Products, and Services	Company Overview	13
102-3	Location of headquarter	Company Overview	13
102-4	Location of operation branches	Company Overview	13
102-5	Ownership and legal status	Company Overview	13
102-6	Markets served	Company Overview	13
102-7	Organizational Size	Company Overview	13
102-8	Employees information	The company and the employee: A combination of the economic value and the moral value	142-150
102-11	Precautionary principle or approach	Risk management Improve Risk management activities	96-103
102-13	Membership in associations	Activities to contribute to the development and transparency of Vietnam and international stock market	151
Strategy			
102-15	Key impacts, risks and opportunities	Risk management Improve Risk management activities	104-107
Quản trị			
102-18	Governance structure	Rong Viet's Management model for sustainable development	128-129
102-20	Executive-level responsibility for economic, environmental and social objects	Rong Viet's Management model for sustainable development	128-129
102-35	Remuneration policies	Remuneration and benefits for Board of Directors and Supervisory Board	90

GRI Standards	Disclosure Information	Report Content	Page
Stakeholder engagement			
102-40	List of stakeholder group	Rong Viet's sustainable development goals	121
102-42	Identifying and selecting stakeholders	Rong Viet's sustainable development goals	121-127
102-43	Approach to stakeholder engagement	Rong Viet's sustainable development goals Connecting stakeholders	121-127
102-44	Major concerns	Rong Viet's sustainable development goals	121-127
Reporting practice			
102-46	Defining report content and topic boundaries	Report Overview	118
102-50	Report Period	Report Overview	118
102-52	Signature	Report Overview	118
102-53	Contact point for questions regarding the report	Contact Information	161
102-54	Claims of reporting in accordance with the GRI Standards	Report Overview	118
102-55	GRI Content Index	GRI Standards Index	158-160

04

GRI STANDARDS INDEX (continued)

GRI Standards	Disclosure Information	Report Content	Page
GRI 200: Economics Standards 2016			
201-1	Direct economic value generated and distributed	The Enterprise Community - Clients: The combination of the economical benefits and humanism	132-139
		The Enterprise Community - Employees: The combination of the economical benefits and ethical values	142-150
		The Enterprise Community - Investors: The combination of the economical benefits and sustainable development	140-141
		Rong Viet, being a member of the community: Sharing the responsibility with the community and protect the green ecological system	153-157
		Strictly comply with the Laws	151
203-2	Significant indirect economic impacts	The Enterprise Community - The Authority: Contributing to the development and transparency of the financial - stock market	151
		The Enterprise Community - The media: Cooperating and supporting each other to improve the efficiency and information transparency of the stock market	152
GRI 400: Social Standards 2016			
404-1	Average hours of training per year per employee	Activities to spread human values in Rong Viet	145
404-2	Programs for upgrading employee skills and transition assistance programs	Activities to spread human values in Rong Viet	145
405-1	Diversity of governance bodies and employees	Activities to spread human values in Rong Viet	147
413-1	Operation with local community engagement, impact assessment and development programs	Activities to create social value and protect the green environmental ecosystem	153-155

05

CONTACT POINT

For related queries as well as all feedback about Rong Viet's Sustainable Development Report, please contact:

Rong Viet Public Relation (PR) Department



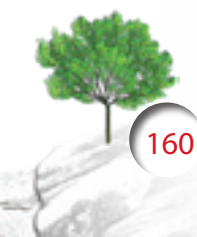
truyenthong@vdsc.com.vn



(+84) 28 6299 2006



Floor 1-2-3-4-5, Viet Dragon Tower, 141 Nguyen Du Street, Ben Thanh Ward, District 1, Ho Chi Minh City





CHAPTER 5

FINANCIAL STATEMENTS

- CORPORATE INFORMATION
- STATEMENT BY THE BOARD OF MANAGEMENT
- INDEPENDENT AUDITOR'S REPORT
- STATEMENT OF FINANCIAL POSITION (FORM B01 – CTCK)
- STATEMENT OF INCOME (FORM B02 – CTCK)
- STATEMENT OF CASH FLOWS (FORM B03B – CTCK)
- STATEMENT OF CHANGES IN EQUITY (FORM B04 – CTCK)
- NOTES TO THE FINANCIAL STATEMENTS (FORM B09 – CTCK)

01

CORPORATE INFORMATION

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

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

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

KEY MANAGEMENT	Board of Management	
	Mr. Nguyen Hieu	General Director
	Mr. Nguyen Minh Nhut	Deputy General Director
	Mr. Nguyen Chi Trung	Deputy General Director
	Ms. Nguyen Thi Thu Huyen	Deputy General Director
	Other key management	
	Mr. Le Minh Hien	Chief Finance Officer - cum Chief Accountant

LEGAL REPRESENTATIVE	Mr. Tran Le Nguyen	Chairman
-----------------------------	--------------------	----------

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

AUDITOR	PwC (Vietnam) Limited
----------------	-----------------------

02

STATEMENT BY THE BOARD OF MANAGEMENT

Statement of responsibility of the company's legal representative in respect of the financial statements

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

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

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

Approval of the financial statements

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

On behalf of the Board of Management



Nguyen Hieu
General Director
Authorised Signatory

Ho Chi Minh City, Vietnam
10 March 2020

03

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

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

The Board of Management' Responsibility

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

Auditor's Responsibility

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

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

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

Auditor's Opinion

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

Other Matter

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

For and on behalf of PwC (Vietnam) Limited



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

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



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

04

STATEMENT OF FINANCIAL POSITION

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

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

04

STATEMENT OF FINANCIAL POSITION (continued)

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

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



Duong Kim Chi
Preparer



Le Minh Hien
Chief Accountant



Nguyen Hieu
General Director
Authorised signatory
10 March 2020

05

STATEMENT OF COMPREHENSIVE INCOME

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

		For the year ended	
Code	ITEMS	Note	
		31.12.2019 (VND)	31.12.2018 (VND)
FINANCIAL INCOME			
41	Foreign exchange gains	210,000,000	378,444,203
42	Dividend income and interest income from demand deposits	11,152,538,868	14,406,934,398
50	TOTAL FINANCIAL INCOME	11,362,538,868	14,785,378,601
FINANCIAL EXPENSES			
51	Foreign exchange losses	(781,000,000)	(1,989,621,703)
60	TOTAL FINANCIAL EXPENSES	11,362,538,868	(1,989,621,703)
62	GENERAL AND ADMINISTRATION EXPENSES	5.4 (61,233,045,417)	(64,423,881,395)
70	OPERATING RESULT	42,460,793,285	85,062,469,197
OTHER INCOME AND EXPENSES			
71	Other income	58,016,726	69,899,577
72	Other expense	(15,675,995)	(333,085)
80	NET OTHER INCOME	42,340,731	69,566,492
90	NET ACCOUNTING PROFIT BEFORE TAX	42,503,134,016	85,132,035,689
91	Realised profit	41,409,799,161	164,829,875,721
92	Unrealised profit/(loss)	1,093,334,855	(79,697,840,032)
100	BUSINESS INCOME TAX	5.5 (7,857,866,061)	(16,451,053,273)
100.1	Business income tax – current	(7,831,959,010)	(19,463,112,593)
100.2	Business income tax – deferred	(25,907,051)	3,012,059,320
200	NET PROFIT AFTER TAX	34,645,267,955	68,680,982,416
EARNINGS PER SHARE			
500	EARNINGS PER SHARE		
501	Basic earnings per share (VND/share)	5.6 346	686
502	Diluted earnings per share (VND/share)	5.6 346	686



Duong Kim Chi
Preparer



Le Minh Hien
Chief Accountant



Nguyen Hieu
General Director
Authorised signatory
10 March 2020

06 STATEMENT OF CASH FLOWS (Indirect method)

		For the year ended		
Code	ITEMS	Note	31.12.2019 (VND)	31.12.2018 (VND)
	Cash flows from operating activities			
01	Net profit before tax		42,503,134,016	85,132,035,689
02	Adjustments for:		8,229,002,824	(11,983,466,906)
03	Depreciation and amortisation		6,215,102,484	6,556,378,882
04	Provisions/(reversal of provisions)		16,798,758,580	(498,580,670)
05	Unrealised foreign exchange losses/(gains)		75,000,000	(95,000,000)
07	Losses from investing activities		(11,152,538,868)	(14,406,934,398)
08	Accrued interest income		(3,707,319,372)	(3,539,330,720)
10	Changes in non-cash expenses		(963,799,598)	64,637,543,430
11	(Decrease)/increase in revaluation losses of FVTPL financial assets		(963,799,598)	64,637,543,430
18	Changes in non-cash income		(129,535,257)	15,060,296,602
19	(Increase)/decrease in revaluation gains of financial assets at fair value through profit or loss FVTPL		(129,535,257)	15,060,296,602
30	Changes in working capital		(7,528,704,552)	(348,066,781,358)
31	Increase in FVTPL financial assets		(116,938,158,845)	(34,403,163,162)
33	Increase in loans		(47,830,908,105)	(272,743,400,277)
35	Decrease in receivables from disposals of financial assets		-	182,710,000
36	Decrease in dividend and interest receivable		3,539,330,720	2,654,903,636
37	Decrease/(increase) in services-related receivables		7,311,361,215	(9,449,289,750)
39	Decrease in other receivables		245,305,861	1,475,553,129
40	Decrease/(increase) in other assets		3,938,195,541	(3,911,974,106)
41	(Decrease)/increase in accrued expenses (exclusive of interest expenses)		(6,253,656,209)	3,966,378,453
42	Decrease/(increase) in prepaid expenses		1,300,957,270	(1,443,878,209)
43	Business income tax paid		(6,030,678,843)	(25,736,372,165)
45	Increase in trade payables		153,853,128,607	3,129,559
47	(Decrease)/increase in tax and other payables to the State (excluding business income tax paid)		(2,823,258,895)	3,529,030,737
48	Increase in payables to employees		3,522,507,001	168,750,000
50	(Decrease)/increase in other payables		(256,485,536)	140,840,797
52	Other payments for operating activities		(1,106,344,334)	(12,500,000,000)
60	Net cash inflows from/(outflows for) operating activities		42,110,097,433	(195,220,372,543)
	Cash flows from investing activities			
61	Cash paid for purchases of fixed assets		(5,785,350,575)	(8,925,706,100)
65	Proceeds from dividends and profit distributions from long-term investments		11,152,538,868	14,406,934,398
70	Net cash inflows from investing activities		5,367,188,293	5,481,228,298
	Cash flows from financing activities			
73	Proceeds from borrowings	6.2	3,263,787,000,000	2,786,498,830,000
74	Repayments of principals of borrowings	6.3	(3,015,996,000,000)	(2,763,122,998,895)
76	Payment of dividend/profit distribution	3.17	(66,747,864,300)	(766,539,000)
80	Net cash inflows from financing activities		181,043,135,700	22,609,292,105
90	Net increase/(decrease) in cash and cash equivalents		228,520,421,426	(167,129,852,140)

			For the year ended	
Code	ITEMS	Note	31.12.2019 (VND)	31.12.2018 (VND)
101	Cash and cash equivalents at beginning of year		238,873,951,937	238.873.951.937
101.1	Cash		71,744,099,797	238,873,951,937
101.2	Cash equivalents		-	-
103	Cash and cash equivalents at end of year		71,744,099,797	71.744.099.797
103.1	Cash		300,264,521,223	71,744,099,797
103.2	Cash equivalents		-	-

CASH FLOWS OF BROKERAGE AND ENTRUSTMENT ACTIVITIES

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



Duong Kim Chi
Preparer



Le Minh Hien
Chief Accountant



Nguyen Hieu
General Director
Authorised signatory
10 March 2020

07

STATEMENT OF CHANGES IN EQUITY

Items	As at		For the year ended 31 December 2018		For the year ended 31 December 2019		As at	
	1.1.2018	1.1.2019	Increase	Decrease	Increase	Decrease	31.12.2018	31.12.2019
1. Owners' capital	919,240,118,792	1,010,239,178,792	90,999,060,000	-	-	-	1,010,239,178,792	1,010,239,178,792
1.1 Ordinary shares with voting rights	910,000,000,000	1,000,999,060,000	90,999,060,000	-	-	-	1,000,999,060,000	1,000,999,060,000
1.2 Share premium	9,240,118,792	9,240,118,792	-	-	-	-	9,240,118,792	9,240,118,792
2. Supplementary capital reserve	10,190,332,248	13,624,381,369	3,434,049,121	-	1,732,263,398	-	13,624,381,369	15,356,644,767
3. Financial and operational risk reserve	10,190,332,248	13,624,381,369	3,434,049,121	-	1,732,263,398	-	13,624,381,369	15,356,644,767
5. Undistributed earnings	102,597,131,502	73,410,955,676	148,378,822,448	(177,564,998,274)	34,645,267,955	(103,564,432,796)	73,410,955,676	4,491,790,835
5.1 Realised profits	97,966,752,187	148,478,416,393	148,378,822,448	(97,867,158,242)	33,551,933,100	(103,564,432,796)	148,478,416,393	78,465,916,697
5.2 Unrealised profits/(losses)	4,630,379,315	(75,067,460,717)	-	(79,697,840,032)	1,093,334,855	-	(75,067,460,717)	(73,974,125,862)
Total	1,042,217,914,790	1,110,898,897,206	246,245,980,690	(177,564,998,274)	38,109,794,751	(103,564,432,796)	1,110,898,897,206	1,045,444,259,161



Duong Kim Chi
Preparer



Le Minh Hien
Chief Accountant



Nguyen Hieu
General Director
Authorised signatory
10 March 2020

08

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

1 GENERAL INFORMATION

Establishment and listing status

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

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

Headquarter and contact information

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

Contact point:

Telephone: (+84) 28 6299 2006

Company charter

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

Headcount

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

As at 31 December 2019 (“the reporting date”) VND

The Company’s charter capital	1,000,999,060,000
Owners’ capital	1,045,444,259,161
Total assets	2,299,545,507,697

Investment objectives

Being a listed broker firm in the Vietnamese securities market, the Company aims to contribute to development of the securities market and deliver benefits to customers, investors and its shareholders.

Investment restrictions

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

Principal activities

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statements

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

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

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss (“FVTPL”) based on market value or fair value (in case market value is indeterminable).

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

2.2 Accounting estimates

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

The areas involving significant estimates and assumptions are as follows:

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

2.3 Form of records applied

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

2.4 Fiscal year

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

2.5 Currency

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

08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Currency (continued)

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

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

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

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

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

2.6 Cash and cash equivalents

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

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

2.7 Financial assets

(a) Classification and measurement

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

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

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

- It is purchased or created for resale/repurchase in short term; or
- At initial recognition, it constitutes a part of an identified portfolio of financial instruments which are traded for short-term profits; or
- It is a derivative (except those defined as financial guarantees or effective hedges).
- At initial recognition, the Board of Management designates a financial asset at fair value through profit or loss if such designation promotes the fairness of its presentation due to one of the following reasons:
- Such designation eliminates or significantly reduces a measurement or recognition inconsistency (also called as "accounting inconsistency") that would otherwise arise due to different bases; or

- It gives rise to a group of financial assets whose performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and internally disseminated to the Company's key management (as defined in Vietnamese Accounting Standard on Related parties disclosure) such as Board of Directors, Board of Management and major shareholders.

Financial assets at fair value through profit or loss are initially recorded at cost exclusive of transaction costs. Transaction costs related to purchases of FVTPL financial assets are expensed off immediately.

Financial assets at fair value through profit or loss are subsequently measured at market value or fair value (in case market value is indeterminable or highly volatilisises). Those equities, including derivatives to be settled in equities, that not traded on active market or those whose fair value is not reliably determined are accounted at cost.

All gains or losses from change in fair value of FVTPL financial assets are recognised in profit or loss of the statement of comprehensive income.

(ii) Loans

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

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

- Margin loans: the amounts lent to customers for their purchases of listed securities in accordance with Decision 87/QD-UBCK issued by the State Securities Commission on 25 January 2017. According to this regulation, the initial margin (ratio of net equity to market value of security to be purchased on margin as at trading date) is set by the Company but shall be not lower than 50%. The margin loans are collateralised by securities eligible for margin lending.
- Trading advances: the amounts advanced to customers at the trading date. These amounts are repaid within two (2) trading days.
- Investment cooperation contract: the amounts advanced to customers for their purchases of unlisted securities relating to transactions incurred before the regulation relating to margin loans were issued. Currently, the Company do not provide this product to customers. The Company has made full provision against these balances.

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

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

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

(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.

08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial assets (continued)

(b) Reclassification (continued)

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

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

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

(c) Recognition/derecognition

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

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

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

d) Initial recognition

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

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

(e) Determination of market value/fair value

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

(i) Shares listed on stock exchanges

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

(ii) Shares of the public companies registered for trading on the Unlisted Public Company Market ("UPCoM")

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

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

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

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

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

(iv) Suspended shares, delisted shares or deregistered shares

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

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

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

These shares are revalued at one of the following bases:

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

(vi) Other shares and other capital contributions

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

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

08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Financial assets (continued)

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

(vii) Bonds listed on stock exchanges

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

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

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

(viii) Unlisted bonds

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

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

(ix) Certificates of closed-end public funds

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

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

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

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

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

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

(xii) Term deposits

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

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

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

(f) Recognition of gains/(losses)

Purchase transaction costs

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

Selling transaction costs

Selling transaction costs are expensed off.

Gain/(loss) on disposals

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

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

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

2.8 Receivables

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

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

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

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

2.9 Fixed assets

Tangible and intangible fixed assets

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

Depreciation and amortisation

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

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

08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Fixed assets (continued)

Disposals

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

Construction in progress

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

2.10 Leased assets

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

2.11 Prepaid expenses

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

2.12 Short-term/long-term security deposits

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

2.13 Liabilities

(a) Recognition/de-recognition

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

(b) Classification

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

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

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

2.14 Offsetting financial instruments

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

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

2.15 Borrowings

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

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

2.16 Issued bonds

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

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

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

2.17 Income tax paid on behalf of investors

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

2.18 Accrued expenses

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

2.19 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.

08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Provision for severance allowances

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

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

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

2.21 Equity

(a) Owners' capital

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

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

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

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

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

(c) Undistributed earnings

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

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

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

2.22 Dividend distribution

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

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

2.23 Assets of and liabilities to customers

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

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

2.24 Revenue and income recognition

(a) Revenue from provision of services to investors

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

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

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

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

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

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

(b) Income from proprietary trading of financial assets

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

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

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



08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Revenue and income recognition (continued)

(c) Income from working capital management

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

(d) Other income

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

2.25 Expenses

(a) Recognition

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

(b) Classification

Expenses are classified by function as follows:

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

2.26 Financial income

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

2.27 Financial income

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

2.28 Borrowing costs

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

In respect of general-purpose borrowings, a portion of which used for the purpose of addition of any qualifying assets, the Company determines the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the weighted average expenditure on that assets. The capitalisation rate is the weighted average of the interest rates applicable to the Company's borrowings that are outstanding during the period,

other than borrowings made specifically for the purpose of obtaining a qualifying asset. Other borrowing costs are charged to expenses in the statement of comprehensive income when incurred.

2.29 General and administration expenses

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

2.30 Current and deferred income tax

Current income tax

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

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

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

Deferred income tax

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

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

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

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

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

08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.31 Related parties

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

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

2.32 Segment reporting

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

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

2.33 Nil items

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

3. NOTES TO THE STATEMENT OF FINANCIAL POSITION

3.1 Cash and cash equivalents

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

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

	Comparison to market value/ fair value			Market value/fair value VND	Remeasured amount VND
	Cost	Increase VND	Decrease VND		
As at 31 December 2019					
Listed equities	188,928,700,178	404,540,054	(41,099,958,502)	148,233,281,730	148,233,281,730
Unlisted equities	225,113,341,494	2,504,316	(33,281,211,730)	191,834,634,080	191,834,634,080
	<u>414,042,041,672</u>	<u>407,044,370</u>	<u>(74,381,170,232)</u>	<u>340,067,915,810</u>	<u>340,067,915,810</u>
As at 31 December 2018					
Listed equities	207.176.237.029	45.589.251	(54.322.567.750)	152.899.258.530	152.899.258.530
Unlisted equities	89.927.645.798	231.919.862	(21.022.402.080)	69.137.163.580	69.137.163.580
	<u>297.103.882.827</u>	<u>277.509.113</u>	<u>(75.344.969.830)</u>	<u>222.036.422.110</u>	<u>222.036.422.110</u>

08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

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

As at 31.12.2019					
	Cost (VND)	Market value/ fair value (VND)	Increase (VND)	Decrease (VND)	Remeasured amount (VND)
Listed shares					
DIG	121,844,208,163	90,102,904,800	-	(31,741,303,363)	90,102,904,800
GEX	34,290,417,463	27,478,586,700	-	(6,811,830,763)	27,478,586,700
PC1	9,464,978,440	7,148,855,000	-	(2,316,123,440)	7,148,855,000
DRC	7,982,696,026	8,156,281,500	173,585,474	-	8,156,281,500
KDH	7,039,090,042	6,995,345,000	-	(43,745,042)	6,995,345,000
PNJ	5,757,359,294	5,933,828,000	176,468,706	-	5,933,828,000
HT1	2,193,003,380	2,056,237,950	-	(136,765,430)	2,056,237,950
Others	356,947,370	361,242,780	54,485,874	(50,190,464)	361,242,780
	188,928,700,178	148,233,281,730	404,540,054	(41,099,958,502)	148,233,281,730
Unlisted shares					
QNS	149,988,000,000	149,988,000,000	-	-	149,988,000,000
BSR	68,188,808,393	35,396,568,000	-	(32,792,240,393)	35,396,568,000
DRFM(*)	4,450,000,000	4,230,000,000	-	(220,000,000)	4,230,000,000
MPC	2,461,012,146	2,208,300,500	-	(252,711,646)	2,208,300,500
Others	25,520,955	11,765,580	2,504,316	(16,259,691)	11,765,580
	225,113,341,494	191,834,634,080	2,504,316	(33,281,211,730)	191,834,634,080
Total	414,042,041,672	340,067,915,810	407,044,370	(74,381,170,232)	340,067,915,810

As at 31.12.2018					
	Cost (VND)	Market value/ fair value (VND)	Increase (VND)	Decrease (VND)	Remeasured amount (VND)
DIG	102,344,006,383	73,779,690,000	-	(28,564,316,383)	73,779,690,000
GEX	25,903,377,060	19,473,526,900	-	(6,429,850,160)	19,473,526,900
PC1	9,464,374,180	8,441,771,200	-	(1,022,602,980)	8,441,771,200
DRC	1,402,125	1,139,500	-	(262,625)	1,139,500
KDH	864,512	1,221,000	356,488	-	1,221,000
PNJ	1,462,657	1,584,400	121,743	-	1,584,400
HT1	70,380	81,900	11,520	-	81,900
Others	69,460,679,732	51,200,243,630	45,099,500	(18,305,535,602)	51,200,243,630
	207,176,237,029	152,899,258,530	45,589,251	(54,322,567,750)	152,899,258,530
Unlisted shares					
QNS	-	-	-	-	-
BSR	46,348,798,393	31,760,080,000	-	(14,588,718,393)	31,760,080,000
DRFM(*)	4,450,000,000	225,000,000	-	(4,225,000,000)	225,000,000
MPC	9,141,000,000	8,060,000,000	-	(1,081,000,000)	8,060,000,000
Others	29,987,847,405	29,092,083,580	231,919,862	(1,127,683,687)	29,092,083,580
	89,927,645,798	69,137,163,580	231,919,862	(21,022,402,080)	69,137,163,580
Total	297,103,882,827	222,036,422,110	277,509,113	(75,344,969,830)	222,036,422,110

(*) Dong Phu Technical Rubber Joint Stock Company

08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.3 Loans

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

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

Provision for impairment of loans incurred in the year as following:		Doubtful amount		Provision		
	As at 31.12.2019 (VND)	As at 31.12.2018 (VND)	As at 31.12.2018 (VND)	Provision (VND)	Reversal of Provision (VND)	As at 31.12.2019 (VND)
Margin loans	16,799,800,319	-	-	16,799,800,319	-	16.799.800.319
Investment cooperation contracts	27,287,580,676	27,288,622,415	27,288,622,415	19,045	(1,060,784)	27,287,580,676
	44,087,380,995	27,288,622,415	27,288,622,415	16,799,819,364	(1,060,784)	44,087,380,995

3.4 Receivables

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

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

Details of provision for doubtful debts are as follows:

Details of provision for doubtful debts are as follows.

	Doubtful amount		Provision			
	Opening balance (VND)	Closing balance (VND)	Opening balance (VND)	Provision (VND)	Reversal of provision (VND)	Closing balance (VND)
Other receivables	1,978,208,478	1,978,208,478	1,978,208,478	-	-	1,978,208,478
Mr. Van Thien Hung	1,978,208,478	1,978,208,478	1,978,208,478	-	-	1,978,208,478

08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.5 Other current assets

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

3.6 Fixed assets

a) Tangible fixed assets

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

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

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

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

b) Intangible fixed assets

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

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

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

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

3.7 Construction in progress

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

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

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

3.8 Pledged assets, mortgages, security deposits in long term

These are security deposits for office rentals at head office, Nha Trang branch, Ha Noi branch and Can Tho branch.

3.9 Long-term prepaid expenses

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

3.10 Deposits in the Settlement Support Fund

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

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

3.11 Other non-current assets

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

08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.12 Borrowings and issued bonds

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

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

(i) The closing balance represents loans from a domestic bank with a credit limit of VND100,000,000,000 valid until 14 June 2020, with tenors of 2 months. Value of collateral assets as at 31 December 2019 was VND1,636,903,610,550 (as at 31 December 2018: VND1,588,904,713,793) including loans and accrual interests.

(ii) The closing balance represents unsecured loans from a foreign bank with a credit limit of USD5,000,000 and longest tenor not exceeding 60 days from date of drawdown.

(iii) These are registered, unconvertible and unsecured bonds issued privately to individuals and institutions. Each bond has a par value of VND1,000,000 and a tenor of 1 year since its issue date.

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

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

3.13 Trading obligations

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

3.14 Short-term trade payable

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

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

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

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

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

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

08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

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

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

3.16 Short-term accrued expenses

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

3.17 Other short-term payables

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

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

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

(i) According to the Resolution of the Annual General Meeting of Shareholders on 28 March 2018, the planned dividend rate of 2018 was 10% of the charter capital of VND1,040,000,000,000. Accordingly, on 2 January 2019, the Board of Directors decided to advance the interim dividend of 2018 at 5% of the par value (1 share is entitled to VND500) to shareholders in the registry as at 17 January 2019. The dividend payment date was 30 January 2019.

(ii) The Annual General Meeting of Shareholders on 18 April 2019 approved the total cash dividend of 2018 at 7% on charter capital of VND1,000,999,060,000. Accordingly, on 25 April 2019, the Board of Directors decided to pay the remaining dividend of 2018 at 2% of par value value (1 share is entitled to VND200) to shareholders in the registry as at 17 May 2019. The dividend payment date was 27 May 2019.

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

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

08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

3 NOTES TO THE STATEMENT OF FINANCIAL POSITION (continued)

3.18 Deferred tax liability

	As at	
	31.12.2019 VND	31.12.2018 VND
Deferred tax liability		
Deferred tax liability to be recovered within 12 months	81,408,874	55,501,823
<i>Movement in the deferred tax liability is as follows:</i>		
Opening balance	55,501,823	3,067,561,143
Debited/(Credited) to the income statement	25,907,051	(3,012,059,320)
Closing balance	<u>81,408,874</u>	<u>55,501,823</u>
<i>Details of deferred tax liability are as follows:</i>		
Taxable temporary differences:		
Gain from revaluation of FVTPL financial assets	<u>407,044,370</u>	<u>277,509,113</u>
Calculated at tax rate of 20%:		
Deferred tax liability to be recovered within 12 months	<u>81,408,874</u>	<u>55,501,823</u>

3.19 Owners' capital

a) Number of shares

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

As at 31 December 2019 and 31 December 2018, all the Company's shares are ordinary shares. Each ordinary share has a par value of VND10,000. Each share is entitled to one vote at the Annual General Meetings of the Company. Shareholders are entitled to receive dividends as declared from time to time. All ordinary shares are ranked equally with regard to the Company's residual assets.

b) Movement of share quantity

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

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

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

3.20 Undistributed earnings

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

Movements of undistributed earnings during the year are as follows:

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

4. NOTES TO OFF STATEMENT OF FINANCIAL POSITION ITEMS

Number of shares in issue

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

08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

5. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

5.1 Income from FVTPL financial assets

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

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

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

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

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

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

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

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

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

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

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

5.3 Operating expenses not related to financial assets

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

08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

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

5.4 General and administration expenses

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

5.5 BUSINESS INCOME TAX

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

	31.12.2019 VND	For the year ended 31.12.2018 VND
Accounting profit before tax	42,503,134,016	85,132,035,689
Thuế tính ở thuế suất 20%:	8.500.626.803	17.026.407.138
Tax at rate of 20%:		
Adjustment for:	(1.204.026.664)	(1.194.564.277)
Non-taxable income	512.454.797	619.210.412
Non deductible expenses	48.811.125	-
Additiona tax paid after finalisation	7.857.866.061	16.451.053.273
Charged/(credited) to the statement of income:		
Business income tax – current	7,831,959,010	19,463,112,593
Business income tax – deferred	25,907,051	(3,012,059,320)
	7,857,866,061	16,451,053,273

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

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

5.6 Earnings per share

a) Basic earnings per share

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

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

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

(b) Diluted earnings per share

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

6. NOTES TO THE STATEMENT OF CASH FLOWS

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

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

6.2 Proceeds from borrowings

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

6.3 Repayment of borrowings

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

08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

7 NOTES TO THE STATEMENT OF CHANGES IN EQUITY

7.1 Distributed earnings

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

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

7.2 Details of changes in equity

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

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

08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

8 RELATED PARTY DISCLOSURES

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

a) Related party transactions

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

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

(b) Year-end balances with related parties

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

9 SEGMENT REPORTING

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

a) Geographical segments

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

b) Business activity segments

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

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

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

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

08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

9 SEGMENT REPORTING (continued)

b) Business activity segments (continued)

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

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

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

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

08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

9 SEGMENT REPORTING (continued)

b) Business activity segments (continued)

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

For the year ended 31 December 2019					
	Brokerage VND	Proprietary trading VND	Securities services and lending VND	Consultancy VND	Total VND
Segment assets	40,539,423,116	222,525,737,319	1,648,035,890,269	225,500,000	1,911,326,550,704
Unallocated assets					21,011,206,152
Total assets					1,932,337,756,856
Segment liabilities	(4,265,132,764)	(245,690,000)	(804,020,850,339)	(1,497,070,000)	(810,028,743,103)
Unallocated liabilities					(11,410,116,547)
Total liabilities					(821,438,859,650)
Total expense incurred for purchases of fixed assets					
Segment assets	3,218,325,000	-	-	-	3,218,325,000
Unallocated assets					5,707,381,100
					8,925,706,100

08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

10 FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Credit risk

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

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

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

Balances with banks

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

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

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

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

Trading advances

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

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

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

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

Credit risk from trading advances is assessed as low.

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

Investment cooperation contracts

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

Margin loan

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

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

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

08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

10 FINANCIAL RISK MANAGEMENT (continued)

a) Credit risk (continued)

Margin loan (continued)

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

Analysis of credit quality of margin loans as at reporting date is as follows:		As at
	31.12.2019 VND	31.12.2018 VND
Past due and impaired	44,087,380,995	27,288,622,415
Past due but not impaired	-	-
Neither past due nor impaired	1,589,108,910,183	1,558,076,658
Provision made	(44,087,380,995)	(27,288,622,415)
Net balance	1,589,108,910,183	1,558,076,760,658

Receivables

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

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

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

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

(b) Market risk

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

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

Interest rate risk

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

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

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

Market price risk

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

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

Currency risk

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

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

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

08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

10 FINANCIAL RISK MANAGEMENT (continued)

b) Market risk (continued)

Currency risk (continued)

	Original currency		Quy đổi sang VND	
	2019	2018	2019	2018
Financial assets				
Cash	-	-	-	-
Financial liabilities				
Borrowings	(5,000,000)	(5,000,000)	(115,900,000,000)	(116,300,000,000)
Net financial liability	(5,000,000)	(5,000,000)	(115,900,000,000)	(116,300,000,000)
Net currency exposure	(5,000,000)	(5,000,000)	(115,900,000,000)	(116,300,000,000)

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

(c) Liquidity risk

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

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

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

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

08

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

10 FINANCIAL RISK MANAGEMENT (continued)

(d) Capital Adequacy Ratio

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

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

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

11. OPERATING LEASE COMMITMENTS

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

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

12. CAPITAL EXPENDITURE COMMITMENTS

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

	31.12.2019 VND	31.12.2018 VND
Derivatives trading and settlement system and upgrade of underlying securities trading and settlement system		3,629,175,000

13. VOLUME AND VALUE OF TRANSACTIONS DURING THE YEAR

	31.12.2019 VND	31.12.2018 VND
(a) Of the Company	43,812,979	840,127,199,695
Shares	43,812,979	840,127,199,695
(b) Of investors	2,845,380,422	48,128,561,851,326
Shares	2,838,354,882	48,104,458,354,926
Other shares	7,025,540	24,103,496,400
	2,889,193,401	48,968,689,051,021

14. SUBSEQUENT EVENTS

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

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



Duong Kim Chi
Preparer



Le Minh Hien
Chief Accountant



Nguyen Hieu
General Director
Authorised signatory
10 March 2020



HEAD OFFICE

Viet Dragon Tower
141 Nguyen Du, Ben Thanh Ward, Dist. 1, HCMC

T +84.28 6299 2006
F +84.28 6291 7986
E info@vdsc.com.vn
W www.vdsc.com.vn

HA NOI BRANCH

10th Floor, Eurowindow Building
2 Ton That Tung, Trung Tu Ward, Dong Da District, Hanoi

T +84.24 6288 2006
F +84.24 6288 2008
E info@vdsc.com.vn
W www.vdsc.com.vn

NHA TRANG BRANCH

50Bis Yersin, Nha Trang City, Khanh Hoa Province

T +84.258 3820 006
F +84.258 3820 008
E info@vdsc.com.vn
W www.vdsc.com.vn

CAN THO BRANCH

95-97-99 Vo Van Tan, Ninh Kieu District, Can Tho City

T +84.292 3817 578
F +84.292 3818 387
E info@vdsc.com.vn
W www.vdsc.com.vn





RONG VIET SECURITIES CORPORATION

141 Nguyen Du, Ben Thanh Ward, Dist. 1, HCMC



+84 28 6299 2006



info@vdsc.com.vn



www.vdsc.com.vn