

Pinetree Securities Corporation

Financial statements

For the year ended 31 December 2020



Pinetree Securities Corporation

Financial statements

For the year ended 31 December 2020



Pinetree Securities Corporation

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Pinetree Securities Corporation

GENERAL INFORMATION

THE COMPANY

Pinetree Securities Corporation ("the Company"), initially HFT Securities Corporation, is a joint stock company established under Vietnam Law on Enterprises, Securities Trading License No. 10/GPHDKD issued by the State Securities Commission for the first time on 18 February 2003 with initial charter capital at VND 6,000,000,000 and the latest amended license No. 75/GPDC-UBCK dated 19 November 2020 granted by the State Securities Commission.

In 2019, Hanwha Investment & Securities Co., Ltd has acquired shares of major shareholders of HFT Securities Corporation and issued an additional 51,500,000 shares to increase the Company's charter capital to VND 615,000,000,000. Accordingly, the Company was granted the amended Establishment and Operation License No. 63/GPDC-UBCK dated 21 October 2019, the amended Establishment and Operation License No. 72/GPDC-UBCK dated 29 November 2019 and the amended Establishment and Operation License No. 77/GPDC-UBCK dated 31 December 2019 by the State Securities Commission approving the changes in the legal representative, names and head office location, respectively, of the Company.

After being acquired by Hanwha Investment & Securities Co., Ltd in 2019, the Company was no longer qualified as a public interest entity according to Vietnam Law on Securities. As a result, the Company's registration as public interest entity and its registration for stock trading on UpCoM have been cancelled since 04 June 2020 and 07 July 2020, respectively, as per Notification on de-registration of public interest entity No. 3738/UBCK-QLKD dated 04 June 2020 of the State Securities Commission and Decision No. 265/QD-SGDHN dated 12 June 2020 of the Hanoi Stock Exchange on cancelling the registration for stock trading on UPCoM.

As at 31 December 2020, total charter capital of the Company was VND 615,000,000,000 (as at 31 December 2019: VND 615,000,000,000).

The Company's head office is located at Floor 20th, TNR Tower, 54A Nguyen Chi Thanh street, Lang Thuong ward, Dong Da district, Hanoi.

The Company's current principal activities are:

- ▶ Brokerage services,
- ▶ Underwriting for securities issuance,
- ▶ Financial and investment advisory services,
- ▶ Proprietary trading,
- ▶ Securities depository, and
- ▶ Other services in accordance with law and regulations applicable to securities companies.

BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are:

Mr. Yoo Chang Min	Chairman	Appointed on 29 April 2020
Mr. Lee Jun Hyuck	Member	Appointed on 15 May 2019
Mr. Nguyen Huy Duong	Member	Appointed on 15 May 2019

Pinetree Securities Corporation

GENERAL INFORMATION (continued)

BOARD OF SUPERVISION

Members of the Board of Supervision during the year and at the date of this report are:

Ms. Chu Thi Lua	Head of the Board of Supervision	Appointed on 15 May 2019
Mr. Lee Jun Hyeob	Member	Appointed on 15 May 2019
Mr. Kim Ji Yoon	Member	Appointed on 15 May 2019

MANAGEMENT AND CHIEF ACCOUNTANT

Member of the Management and the Chief Accountant during the year and at the date of this report are:

Mr. Lee Jun Hyuck	General Director	Appointed on 15 May 2019
Ms. Dinh Thi Lan Phuong	Chief Accountant	Appointed on 4 October 2019

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr. Lee Jun Hyuck – General Director.

AUDITORS

The auditors of the Company are Ernst & Young Vietnam Limited.

Pinetree Securities Corporation

REPORT OF MANAGEMENT

Management of Pinetree Securities Corporation ("the Company") is pleased to present its report and the Company's financial statements for the year ended 31 December 2020.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Management of the Company is responsible for the financial statements of each financial year that give a true and fair view of the financial position of the Company and of the results of its operation, its cash flows and its changes in equity for the year. In preparing those financial statements, Management is required to:

- ▶ select suitable accounting policies and apply them consistently;
- ▶ make judgments and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

Management of the Company is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with the applied accounting system. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

Management of the Company confirmed that it has complied with the above requirements in preparing the accompanying financial statements.

STATEMENT BY MANAGEMENT

The Company's Management does hereby states that, in its opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, the results of its operations, its cash flows and its changes in equity for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to securities companies and the statutory requirements relevant to the preparation and presentation of the financial statements.



Mr. Lee Jun Hyuck
General Director

Hanoi, Vietnam

15 March 2021

Reference: 61591189/22073633

INDEPENDENT AUDITORS' REPORT

**To: The Shareholders of
 Pinetree Securities Corporation**

We have audited the accompanying financial statements of Pinetree Securities Corporation ("the Company") as prepared on 15 March 2021 and set out on pages 6 to 47, which comprise the statement of financial position as at 31 December 2020, the income statement, cash flow statement, statement of changes in equity for the year then ended and the notes thereto.

Management's responsibility

Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to securities companies and the statutory requirements relevant to the preparation and presentation of the financial statements, and for such internal control as Management determines is necessary to enable the preparation and 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 requirements and plan and perform the audit to obtain reasonable assurance about 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the Company's preparation 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of the Company, 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.

Opinion

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Company as at 31 December 2020, and of the results of its operations, its cash flows and its changes in equity for the year then ended in accordance with Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System, accounting guidance applicable to securities companies and the statutory requirements relevant to preparation and presentation of the financial statements.

Other matter

The financial statements of the Company for the year ended 31 December 2019 were audited by another audit firm which expressed an unmodified opinion on those financial statements on 24 March 2020.

Ernst & Young Vietnam Limited



Dang Phuong Ha
Deputy General Director
Audit Practising Registration
Certificate No. 2400-2018-004-1



A blue ink signature of Nguyen Van Trung, Auditor.

Nguyen Van Trung
Auditor
Audit Practising Registration
Certificate No. 3847-2021-004-1

Hanoi, Vietnam

15 March 2021

STATEMENT OF FINANCIAL POSITION
as at 31 December 2020

Code	ITEMS	Notes	31/12/2020 VND	31/12/2019 VND
100	A. CURRENT ASSETS		584,475,119,055	569,191,146,573
110	I. Financial assets		581,650,240,722	567,262,391,396
111	1. Cash and cash equivalents	5	297,756,538	184,597,135,898
111.1	1.1 Cash		297,756,538	44,597,135,898
111.2	1.2 Cash equivalents		-	140,000,000,000
112	2. Financial assets at fair value through profit or loss ("FVTPL")	7.1	51,801,239,280	12,760,130
113	3. Held-to-maturity ("HTM") investments	7.2	105,500,000,000	294,875,685,000
114	4. Loans	7.3	392,234,082,061	67,091,177,939
117	5. Receivables	8	2,857,469,348	4,302,995,555
117.1	5.1 Receivables from disposals of financial assets		2,880,000	-
117.2	5.2 Receivables and accruals from dividend and interest income		2,854,589,348	4,302,995,555
117.4	5.2.1 Undue accrued dividend and interest		2,854,589,348	4,302,995,555
118	6. Advances to suppliers	9	25,977,961,372	14,765,265,880
119	7. Receivables from services provided by the Company	10	54,913,693	154,051,094
122	8. Other receivables	11	2,926,818,430	1,463,319,900
130	II. Other current assets		2,824,878,333	1,928,755,177
131	1. Advances		-	171,087,980
133	2. Short-term prepaid expenses	13	1,467,806,092	918,326,163
134	3. Short-term deposits, collaterals and pledges	12	92,437,250	41,437,250
135	4. Deductible value added tax		1,174,075,996	707,344,789
136	5. Tax and other receivables from the State	23	90,558,995	90,558,995
200	B. NON-CURRENT ASSETS		36,522,656,067	31,365,329,831
220	I. Fixed assets		25,494,488,889	22,632,759,939
221	1. Tangible fixed assets	14	16,746,879,107	14,936,820,102
222	1.1 Cost		20,580,523,453	16,206,739,453
223a	1.2 Accumulated depreciation		(3,833,644,346)	(1,269,919,351)
227	2. Intangible assets	15	8,747,609,782	7,695,939,837
228	2.1 Cost		11,401,885,501	8,873,200,501
229a	2.2 Accumulated amortization		(2,654,275,719)	(1,177,260,664)
240	II. Construction in progress	16	2,232,405,318	-
250	III. Other non-current assets		8,795,761,860	8,732,569,892
251	1. Long-term deposits, collaterals and pledges	17	842,617,500	750,157,500
252	2. Long-term prepaid expenses	18	3,399,108,396	4,605,167,132
254	3. Payments to Settlement Assistance Fund	19	4,554,035,964	3,377,245,260
270	TOTAL ASSETS		620,997,775,122	600,556,476,404

STATEMENT OF FINANCIAL POSITION (continued)
as at 31 December 2020

Code	ITEMS	Notes	31/12/2020 VND	31/12/2019 VND
300	C. LIABILITIES		46,608,363,413	2,757,501,622
310	I. Current liabilities		46,608,363,413	2,757,501,622
311	1. Short-term borrowings and financial leases		39,545,000,000	-
312	1.1 Short-term borrowings		39,545,000,000	-
318	2. Payables for securities trading activities	21	1,021,877,010	437,332,051
320	3. Short-term trade payables	22	2,170,913,798	288,510,055
321	4. Short-term advances from customers		-	20,000,000
322	5. Tax and other payables to the State	23	2,611,673,716	1,005,275,215
323	6. Payables to employees		178,234,696	169,814,736
325	7. Short-term accrued expenses	24	1,080,664,193	836,069,565
329	8. Other short-term payables		-	500,000
400	D. OWNERS' EQUITY		574,389,411,709	597,798,974,782
410	I. Owners' equity	25	574,389,411,709	597,798,974,782
411	1. Share capital		615,000,000,000	615,000,000,000
411.1	1.1 Contributed capital		615,000,000,000	615,000,000,000
411.1a	1.1.1 Ordinary shares		615,000,000,000	615,000,000,000
415	2. Operational risk and financial reserve		1,321,976,000	1,321,976,000
417	3. Undistributed loss		(41,932,564,291)	(18,523,001,218)
417.1	3.1 Realized loss	25.3	(41,926,134,713)	(18,513,297,990)
417.2	3.2 Unrealized loss		(6,429,578)	(9,703,228)
440	TOTAL LIABILITIES AND OWNERS' EQUITY		620,997,775,122	600,556,476,404

STATEMENT OF FINANCIAL POSITION (continued)
as at 31 December 2020

OFF-BALANCE SHEET ITEMS

Code	ITEMS	Notes	31/12/2020 VND	31/12/2019 VND
A. ASSETS OF THE COMPANY AND ASSETS MANAGED UNDER AGREEMENTS				
006	Outstanding shares (number of shares)	25.4	61,500,000	61,500,000
008	Financial assets listed/registered for trading at the Vietnam Securities Depository ("VSD") of the Company	26.1	9,930,000	9,300,000
B. ASSETS AND PAYABLES UNDER AGREEMENTS WITH INVESTORS				
021	Financial assets listed/registered for trading at the VSD of investors	26.2	1,355,861,320,000	1,025,296,970,000
021.1	<i>Unrestricted financial assets</i>		732,505,550,000	463,641,070,000
021.2	<i>Restricted financial assets</i>		412,000,000	412,000,000
021.3	<i>Mortgaged financial assets</i>		523,400,000,000	523,400,000,000
021.4	<i>Blocked financial assets</i>		9,879,000,000	9,879,000,000
021.5	<i>Financial assets awaiting settlement</i>		89,664,770,000	27,964,900,000
026	Investors' deposits	26.3	266,804,499,176	57,459,574,493
027	Investors' deposits for securities trading activities managed by the Company	26.3	266,804,499,176	57,459,574,493
031	Payables to investors for deposits for securities trading activities managed by the Company	26.4	266,783,029,176	57,458,624,493
031.1	<i>Payables to domestic investors for deposits for securities trading activities managed by the Company</i>		254,177,999,374	45,933,242,632
031.2	<i>Payables to foreign investors for deposits for securities trading activities managed by the Company</i>		12,605,029,802	11,525,381,861
035	Dividend, bond principal and interest payables		21,470,000	950,000

Prepared by:


Ms. Tran Thi Minh Hien
Accountant

Reviewed by:


Ms. Dinh Thi Lan Phuong
Chief Accountant

Approved by:

Mr. Lee Jun Hyuck
General Director

Hanoi, Vietnam

15 March 2021

INCOME STATEMENT
for the year ended 31 December 2020

Code	ITEMS	Notes	2020 VND	2019 VND
	I. OPERATING INCOME			
01	1. Gain from financial assets at fair value through profit or loss ("FVTPL")		308,879,824	7,259,854
01.1	1.1 Gain from disposals of financial assets at FVTPL	27.1	302,207,404	-
01.2	1.2 Gain from revaluation of financial assets at FVTPL	27.2	5,888,720	6,689,952
01.3	1.3 Dividend, interest income from financial assets at FVTPL	27.3	783,700	569,902
02	2. Gain from held-to-maturity ("HTM") investments	27.3	19,424,279,307	10,827,185,425
03	3. Gain from loans and receivables	27.3	16,205,834,725	3,552,435,555
06	4. Revenue from brokerage services		11,288,421,762	6,841,180,284
09	5. Revenue from securities depository services		613,081,665	546,498,089
10	6. Revenue from financial advisory services		18,181,818	100,000,000
11	7. Revenue from other activities		83,196,848	30,540,255
20	Total operating income		47,941,875,949	21,905,099,462
	II. OPERATING EXPENSES			
21	1. Loss from financial assets at FVTPL		12,045,795	20,240,680
21.1	1.1 Loss from disposals of financial assets at FVTPL	27.1	330,000	3,847,500
21.2	1.2 Loss from revaluation of financial assets at FVTPL		2,615,070	16,393,180
21.3	1.3 Transaction costs for acquisition of financial assets at FVTPL		9,100,725	-
24	2. Reversal of provision for diminution in value and impairment of financial assets and doubtful debts, and interest expenses from borrowings		-	(15,930,330)
26	3. Expenses for proprietary trading activities		13,932,454	13,455
27	4. Expenses for brokerage services	28	43,007,643,332	12,800,917,953
30	5. Expenses for securities depository services		594,058,355	449,592,110
32	6. Expenses for other activities		3,543,823	-
40	Total operating expenses		43,631,223,759	13,254,833,868
	III. FINANCIAL INCOME			
42	1. Dividend and interest income from demand deposits	29	844,544,945	549,232,554
50	Total financial income		844,544,945	549,232,554
	IV. FINANCIAL EXPENSES			
52	1. Interest expenses from borrowings	30	651,443,069	64,586,147
60	Total financial expenses		651,443,069	64,586,147
62	V. GENERAL & ADMINISTRATIVE EXPENSES	31	27,913,317,139	13,737,322,970

INCOME STATEMENT (continued)
for the year ended 31 December 2020

Code	ITEMS	Notes	2020 VND	2019 VND
70	VI. OPERATING LOSS		(23,409,563,073)	(4,602,410,969)
	VII. OTHER INCOME AND EXPENSES			
71	1. Other income		-	87,401,917
72	2. Other expenses		-	226,802,579
80	Total other operating loss		-	(139,400,662)
90	VIII. LOSS BEFORE TAX		(23,409,563,073)	(4,741,811,631)
91	1. Realized loss		(23,412,836,723)	(4,732,108,403)
92	2. Unrealized profit/(loss)		3,273,650	(9,703,228)
100	IX. CORPORATE INCOME TAX ("CIT") EXPENSES		-	(90,558,995)
100.1	1. Current CIT expenses	32	-	(90,558,995)
200	X. LOSS AFTER TAX		(23,409,563,073)	(4,651,252,636)
501	Loss per share	33	(381)	(178)

Prepared by:

Reviewed by:

Approved by:



Ms. Tran Thi Minh Hien
Accountant



Ms. Dinh Thi Lan Phuong
Chief Accountant



Mr. Lee Jun Hyuck
General Director

Hanoi, Vietnam

15 March 2021

CASH FLOW STATEMENT
for the year ended 31 December 2020

Code	ITEMS	Notes	2020 VND	2019 VND
	I. CASH FLOW FROM OPERATING ACTIVITIES			
01	1. Loss before tax		(23,409,563,073)	(4,741,811,631)
02	2. Adjusted for		(5,296,703,096)	1,062,999,132
03	Depreciation and amortization		4,040,740,050	1,310,564,594
04	Provisions		-	(15,930,330)
06	Interest expenses from borrowings		651,443,069	64,586,147
07	Gain from investing activities		(844,544,945)	(296,221,279)
08	Accrued interest		(9,144,341,270)	-
10	3. Increase in non-monetary expenses		2,615,070	16,393,180
11	Loss from revaluation of financial assets at FVTPL		2,615,070	16,393,180
18	4. Decrease in non-monetary income		(5,888,720)	(6,689,952)
19	Gain from revaluation of financial assets at FVTPL		(5,888,720)	(6,689,952)
30	5. Operating loss before changes in working capital		(174,209,658,280)	(301,665,368,020)
31	(Increase)/Decrease in financial assets at FVTPL		(51,785,205,500)	3,847,500
32	Decrease/(increase) in HTM investments		189,375,685,000	(246,205,516,000)
33	Increase in loans		(325,142,904,122)	(42,724,792,602)
35	Increase in receivables from disposals of financial assets		(2,880,000)	-
36	Decrease/(Increase) in receivables and accruals from dividend and interest income		10,592,747,477	(4,058,647,714)
37	Decrease/(Increase) in receivables from services provided by the Company		79,137,401	(84,183,215)
39	Increase in other receivables		(1,510,733,393)	(1,460,444,164)
40	Increase in other assets		(1,615,893,931)	(2,092,695,315)
41	Increase in accrued expenses (excluding interest expenses)		222,062,211	719,721,191
42	Decrease/(Increase) in prepaid expenses		656,578,807	(5,148,473,072)
43	CIT paid		-	(33,505,843)
44	Interest paid		(628,910,652)	(64,586,147)
45	Increase/(Decrease) in trade payables		3,304,560,139	(1,381,319,562)
47	Increase in tax and payables to the State (excluding CIT paid)		1,606,398,501	702,103,623
48	Increase in payables to employees		8,419,960	169,814,736
50	Increase in other payables		631,279,822	7,442,578
52	Other payments for operating activities		-	(14,134,014)
60	Net cash flows used in operating activities		(202,919,198,099)	(305,334,477,291)

CASH FLOW STATEMENT (continued)
for the year ended 31 December 2020

Code	ITEMS	Notes	2020 VND	2019 VND
	II. CASH FLOW FROM INVESTING ACTIVITIES			
61	1. Payments for purchase & construction of fixed assets, investment properties and other long-term assets		(21,769,726,206)	(33,221,850,780)
62	2. Proceeds from disposals & sales of fixed assets, investment properties and other long-term assets		-	72,800,000
65	3. Interest from loans, dividends from long-term investments received		844,544,945	364,865,128
70	Net cash flows used in investing activities		(20,925,181,261)	(32,784,185,652)
	III. CASH FLOW FROM FINANCING ACTIVITIES			
71	1. Proceeds from share issuance, capital contribution from owners		-	515,000,000,000
73	2. Drawdown of borrowings		800,459,703,950	52,088,946,000
73.1	2.1 Borrowings from others		800,459,703,950	52,088,946,000
74	3. Repayment of borrowings		(760,914,703,950)	(52,088,946,000)
80	Net cash flows from financing activities		39,545,000,000	515,000,000,000
90	NET CASH FLOW DURING THE YEAR		(184,299,379,360)	176,881,337,057
101	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		184,597,135,898	7,715,798,841
101.1	Cash		44,597,135,898	7,715,798,841
101.2	Cash equivalents		140,000,000,000	-
103	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		297,756,538	184,597,135,898
103.1	Cash		297,756,538	44,597,135,898
103.2	Cash equivalents		-	140,000,000,000

CASH FLOW STATEMENT (continued)
for the year ended 31 December 2020

CASH FLOWS FROM BROKERAGE AND TRUST ACTIVITIES OF CUSTOMERS

Code	ITEMS	Notes	2020 VND	2019 VND
	I. Cash flows from brokerage and trust activities of customers			
01	1. Cash receipts from disposal of brokerage securities of customers		10,402,825,783,650	5,398,510,424,102
02	2. Cash payments for purchase of brokerage securities of customers		(10,655,155,219,900)	(5,451,800,891,902)
07	3. Cash receipts for settlement of securities transactions of customers		11,936,323,623,345	339,040,880,729
08	4. Cash payment for settlement of securities transactions of customers		(11,474,669,782,412)	(283,622,851,821)
14	5. Cash receipts from securities issuers		48,958,263,625	80,365,844,755
15	6. Cash payments for securities issuers		(48,937,743,625)	(80,365,844,755)
20	Net increase in cash during the year		209,344,924,683	2,127,561,108
30	II. Cash and cash equivalents of customers at the beginning of the year		57,459,574,493	55,332,013,385
31	Cash at banks at the beginning of the year		57,459,574,493	55,332,013,385
32	Investors' deposits managed by the Company for securities trading activities		57,459,574,493	55,332,013,385
40	III. Cash and cash equivalents of customers at the end of the year		266,804,499,176	57,459,574,493
41	Cash at banks at the end of the year		266,804,499,176	57,459,574,493
42	Investors' deposits managed by the Company for securities trading activities		266,804,499,176	57,459,574,493

Prepared by:

Reviewed by:

Approved by:





Ms. Tran Thi Minh Hien
Accountant

Ms. Dinh Thi Lan Phuong
Chief Accountant

Mr. Lee Jun Hyuck
General Director

Hanoi, Vietnam

15 March 2021

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2020

ITEMS	Opening balance		Increase/Decrease				Closing balance	
	01/01/2019 VND	01/01/2020 VND	Prior year		Current year		31/12/2019 VND	31/12/2020 VND
			Increase VND	Decrease VND	Increase VND	Decrease VND		
I. CHANGES IN OWNERS' EQUITY	100,000,000,000	615,000,000,000					615,000,000,000	615,000,000,000
1. Share capital	100,000,000,000	615,000,000,000	515,000,000,000				615,000,000,000	615,000,000,000
1.1 Ordinary shares	100,000,000,000	615,000,000,000	515,000,000,000				615,000,000,000	615,000,000,000
2. Operational risk and financial reserve	1,321,976,000	1,321,976,000					1,321,976,000	1,321,976,000
3. Undistributed loss	(13,857,614,568)	(18,523,001,218)	(4,651,252,636)	14,134,014	3,273,650	(23,412,836,723)	(18,523,001,218)	(41,932,564,291)
3.1 Realized loss	(13,857,614,568)	(18,513,297,990)	(4,641,549,408)	14,134,014		(23,412,836,723)	(18,513,297,990)	(41,926,134,713)
3.2 Unrealized loss	-	(9,703,228)	(9,703,228)	-	3,273,650	-	(9,703,228)	(6,429,578)
TOTAL	87,464,361,432	597,798,974,782	510,348,747,364	14,134,014	3,273,650	(23,412,836,723)	597,798,974,782	574,389,411,709

Prepared by:



Ms. Tran Thi Minh Hien
Accountant

Hanoi, Vietnam

15 March 2021

Reviewed by:



Ms. Dinh Thi Lan Phuong
Chief Accountant

Approved by:



Mr. Lee Jun Hyuck
General Director

NOTES TO THE FINANCIAL STATEMENTS
as at 31 December 2020 and for the year then ended

1. CORPORATE INFORMATION

Pinetree Securities Corporation (“the Company”), initially HFT Securities Corporation, is a joint stock company established under Vietnam’s Law on Enterprises, Securities Trading License No. 10/GPHDKD issued by the State Securities Commission for the first time on 18 February 2003 with initial charter capital at VND 6,000,000,000 and the latest amended license No. 75/GPDC-UBCK dated 19 November 2020 granted by the State Securities Commission of Vietnam.

In 2019, Hanwha Investment & Securities Co., Ltd has acquired shares of major shareholders of HFT Securities Corporation and issued an additional 51,500,000 shares to increase the Company’s charter capital to VND 615,000,000,000. Accordingly, the Company was granted the amended Establishment & Operation License No. 63/GPDC-UBCK dated 21 October 2019, the amended Establishment & Operation License No. 72/GPDC-UBCK dated 29 November 2019 and the amended Establishment & Operation License No. 77/GPDC-UBCK dated 31 December 2019 by the State Securities Commission approving the changes in the legal representative, names and head office location, respectively, of the Company.

After being acquired by Hanwha Investment & Securities Co., Ltd in 2019, the Company was no longer qualified as a public interest entity according to Vietnam Law on Securities. As a result, the Company’s registration as public interest entity and its registration for stock trading on UpCoM have been cancelled since 04 June 2020 and 07 July 2020, respectively, as per Notification on de-registration of public interest entity No. 3738/UBCK-QLKD dated 04 June 2020 of the State Securities Commission and Decision No. 265/QD-SGDHN dated 12 June 2020 of the Hanoi Stock Exchange on cancelling the registration for stock trading on UPCoM.

The Company’s head office is located at floor 20th, TNR Tower, 54A Nguyen Chi Thanh street, Lang Thuong ward, Dong Da district, Hanoi.

The total number of employees of the Company as at 31 December 2020 was 59 persons (as at 31 December 2019: 44 persons).

Operations of the Company

Charter capital

As at 31 December 2020, total charter capital of the Company was VND 615,000,000,000 (as at 31 December 2019: VND 615,000,000,000).

Investment objectives

The Company is a securities company with current principal activities are to provide brokerage services; financial and investment advisory services; proprietary trading; securities depository services and other services in accordance with legal regulations applicable to securities companies. The Company’s objective is going to be one of the leading securities companies in the market, contributing to the development of the Vietnamese stock market and bringing core benefits to customers, investors and shareholders of the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

1. CORPORATE INFORMATION (continued)

Operations of the Company (continued)

Investment restrictions

The Company complies with Article 44 of Circular No. 210/2012/TT-BTC dated 30 November 2012 providing guidance on establishment and operation of securities companies, Circular No. 07/2016/TT-BTC dated 18 January 2016 amending some articles of Circular No. 210/2012/TT-BTC and other applicable regulations on investment restrictions. The current applicable practices on investment restrictions are as follows:

- ▶ A securities company is not allowed to purchase, contribute capital to invest in properties except for the use of head office, branches, and transaction offices directly serving operating activities of the securities company;
- ▶ A securities company may purchase, contribute capital to invest in properties and fixed assets on the principle that the carrying value of fixed assets and investment properties should not exceed fifty percent (50%) of the total assets of the securities company;
- ▶ A securities company is not allowed to use more than seventy percent (70%) of its owners' equity to invest in corporate bonds. A securities company, licensed to engage in propriety trading, is allowed to repurchase listed bonds in accordance with relevant regulations on securities repurchase agreement;
- ▶ A securities company must not by itself, or authorize another organizations or individuals to:
 - Invest in shares or contribute capital to companies that owned more than fifty percent (50%) of the charter capital of the securities company, except for purchasing of odd shares per request of customers;
 - Make joint investments with a related party in five percent (5%) or more of the charter capital of another securities company;
 - Invest more than twenty percent (20%) in the total circulating shares or fund certificates of a listed entity;
 - Invest more than fifteen percent (15%) in the total circulating shares or fund certificates of a non-listed entity, this provision shall not apply to member fund, exchange-traded fund and open-ended fund certificates;
 - Invest or contribute capital in more than ten percent (10%) of the total contributed capital of a limited liability company or a business project;
 - Invest or contribute capital more than fifteen percent (15%) of its owners' equity in an entity or a business project;
 - Invest more than seventy percent (70%) of its owners' equity in shares, capital contribution and business projects, specifically invest more than twenty percent (20%) of its owners' equity in non-listed shares, capital contribution and business projects.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

2. BASIS OF PREPARATION

2.1 *Applied accounting standards and systems*

The financial statements of the Company expressed in Vietnam dong (“VND”) are prepared in accordance with Vietnamese Enterprise Accounting System, accounting guidance applicable to securities companies as set out in Circular No. 210/2014/TT-BTC dated 30 December 2014 (“Circular 210”), Circular No. 334/2016/TT-BTC dated 27 December 2016 amending, supplementing and replacing Appendix No. 02 and No. 04 of Circular 210, Circular No. 146/2014/TT-BTC dated 6 October 2014 providing guidance on financial regime applicable to securities companies and asset management companies and other Vietnamese Accounting Standards promulgated by the Ministry of Finance as per:

- ▶ Decision No. 149/2001/QD-BTC dated 31 December 2001 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 1);
- ▶ Decision No. 165/2002/QD-BTC dated 31 December 2002 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 2);
- ▶ Decision No. 234/2003/QD-BTC dated 30 December 2003 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 3);
- ▶ Decision No. 12/2005/QD-BTC dated 15 February 2005 on the Issuance and Promulgation of Six Vietnamese Standards on Accounting (Series 4); and
- ▶ Decision No. 100/2005/QD-BTC dated 28 December 2005 on the Issuance and Promulgation of Four Vietnamese Standards on Accounting (Series 5).

2.2 *Applied accounting documentation system*

The Company’s applied accounting documentation system is the General Journal.

2.3 *Fiscal year*

The Company’s fiscal year applicable for the preparation of its financial statements starts on 01 January and ends on 31 December.

2.4 *Accounting currency*

The financial statements are prepared in Vietnam Dong (“VND”), which is also the accounting currency of the Company.

2.5 *Basis of assumptions and use of estimates*

The preparation of the financial statements requires Management of the Company make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the income, expenses and the resultant provisions. Such estimates are necessarily based on assumptions involving varying degrees of subjectivity and uncertainty and actual results may differ resulting in future changes in such provision.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

3. STATEMENT OF COMPLIANCE WITH VIETNAMESE ACCOUNTING STANDARDS AND SYSTEMS

Management confirms that the Company has complied with Vietnamese Accounting Standards and Vietnamese Enterprise Accounting Systems, accounting regulations and guidance applicable to securities companies and the statutory requirements relevant to the preparation and presentation of financial statements.

Accordingly, the accompanying financial statements and their utilization are not designed for those who are not informed about Vietnam's accounting principles, procedures and practices and furthermore are not intended to present the financial position, results of operation, cash flows and changes in equity in accordance with accounting principles and practices generally accepted in countries other than Vietnam.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 *Changes in accounting policies and disclosures*

The accounting policies adopted by the Company in the preparation and presentation of the financial statements are consistent with those used in the preparation and presentation of the financial statements for the year ended 31 December 2019.

4.2 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at banks, deposits for clearing and settlement of securities trading and short-term, highly liquid investments with an original terms of three months or less that are readily convertible into known amounts of cash and that are subject to an insignificant risk of change in value.

Cash deposited by customers for securities trading and cash deposited by securities issuers are presented on the off-balance sheet.

4.3 *Financial assets at fair value through profit or loss ("FVTPL")*

Financial assets at FVTPL are financial assets that satisfy either of the following conditions:

- a) It is classified as held for trading. A financial asset is classified as held for trading if:
 - ▶ It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
 - ▶ There is evidence of a recent actual pattern of short-term profit-taking; or
 - ▶ It is a derivative (except derivative that is a financial guarantee contract or effective hedging instrument).
- b) Upon initial recognition, the classification of the financial asset into financial asset at FVTPL is deemed reasonable if it meets one of the following criteria:
 - ▶ The classification eliminates or significantly reduces the inconsistent treatments that would otherwise arise from measuring the asset or recognising gains or losses on a different basis;
 - ▶ The financial asset is part of a group of financial assets which are managed and their performance is evaluated on a fair value basis, in accordance with the Company's risk management or investment strategy.

Financial assets at FVTPL are initially recognized at cost (excluding transaction cost arising from the purchase) and subsequently recognized at fair value.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 *Financial assets at fair value through profit or loss ("FVTPL")* (continued)

Increase in the difference arising from revaluation of financial assets at FVTPL in comparison with the prior year is recognized into the income statement under "*Gain from revaluation of financial assets at FVTPL*". Decrease in the difference arising from revaluation of financial assets at FVTPL in comparison with the prior year is recognized into the income statement under "*Loss from revaluation of financial assets at FVTPL*".

Transaction costs relating to the purchase of the financial assets at FVTPL are recognized when incurred as expenses in the income statement.

4.4 *Loans*

Loans are non-derivative financial assets with fixed or identifiable payments and are non-listed in the market, with the exceptions of:

- a) The items that the Company intends to sell immediately or in a near future which are classified as assets held for trading, and those which, upon initial recognition, classified as financial assets at fair value through profit or loss by the Company;
- b) The items classified as available-for-sale upon initial recognition by the Company; or
- c) The items whose holders cannot recover the majority of initial investment value not due to the impairment of credit quality and which are classified as available-for-sale.

Loans are initially recognized at cost. After initial recognition, loans are subsequently measured at amortized cost using the effective interest rate method.

Amortized cost of loans is the amount at which the financial asset is measured at initial recognition minus (-) principal repayments, plus (+) or minus (-) the accumulated amortization using the effective interest rate method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility (if any).

Loans are subject to impairment assessment at the balance sheet date. Provision is made based on its estimated loss which is determined by the difference between the market value of securities used as collaterals for such loan and the loan outstanding balance. Any increase/decrease in the balance of provision is recorded in "*Provision expenses for diminution in value and impairment of financial assets, doubtful debts, and interest expenses from borrowings*" in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Held-to-maturity (“HTM”) investments

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

- a) The financial assets classified as financial assets at fair value through profit or loss upon initial recognition by the Company;
- b) The financial assets classified as available-for-sale;
- c) The financial assets satisfying the definition of loans and receivables.

HTM investments are initially recognized at cost (purchase value plus (+) transaction costs which are directly attributable to the investments such as brokerage fee, trading fee, agent fee, issuance agent fee and banking fee). After initial recognition, held-to-maturity investments are subsequently measured at amortized cost using the effective interest rate method.

Amortized cost of HTM investments is the amount at which the financial asset is measured at initial recognition minus (-) principal repayments, plus (+) or minus (-) the accumulated amortization using the effective interest rate method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility (if any), and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility (if any).

The effective interest rate method is a method of calculating the cost allocation on interest income or interest expense in the year of a financial assets or a group of HTM investments.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset.

HTM investments are subject to impairment assessment at the balance sheet date. Provision is made for an HTM investment when there is any objective evidence that the investment is unrecoverable or there is uncertainty of recoverability, resulting from one or more events that has occurred after the initial recognition of the investment and that event has an impact on the estimated future cash flows of the investment that can be reliably estimated. Evidence of impairment may include a drop in the fair value/market value of the investment, indications that the debtors or a group of debtors are experiencing significant financial difficulties, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. When there is any evidence of impairment, provision for an HTM investment is determined as the negative difference between its fair value and amortized cost at the assessment date. Any increase/decrease in the balance of provision is recorded in “*Provision expenses for diminution in value and impairment of financial assets, doubtful debts, and interest expenses from borrowings*” in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Fair value of financial assets

Fair value/market value of the securities is determined as follows:

- ▶ For securities listed on Hanoi Stock Exchange and Ho Chi Minh City Stock Exchange, market prices are closing prices on the last trading date before the revaluation date;
- ▶ For securities non-listed on the stock market but registered for trading on UPCoM, market prices are closing prices on the last trading date before the revaluation date;
- ▶ For delisted securities and suspended trading securities from the sixth day afterward, actual prices are book value at the latest financial statements date;
- ▶ For non-listed securities and securities non-registered for trading on UPCoM, actual market prices are average of actual trading prices quoted by three (03) securities companies conducting transactions at the last trading date before the revaluation date.

For securities which do not have reference price from the above sources, the fair value is determined at cost plus accrued interest (if any) or based on internal valuation method of the Company.

4.7 Derecognition of financial assets

A financial asset (or a part of a group of similar financial assets) is derecognized when:

- ▶ The Company no longer has the rights to receive cash flows from the asset; or
- ▶ The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a transfer arrangement; and either:
 - The Company has transferred substantially the risks and rewards of the asset; or
 - The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a transfer arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is still recognized as the Company's asset. In that case, the Company also recognizes a corresponding liability. The transferred asset and the corresponding liability are measured on a basis that reflects the rights and obligations that the Company has retained.

The continued participation in transferred assets in the form of guarantee will be recognized at the smaller between the initial carrying value of the assets and the maximum obligation incurred by the Company.

4.8 Reclassification of financial assets

Reclassification when selling financial assets other than FVTPL

When selling financial assets other than FVTPL, securities companies are required to reclassify those financial assets to financial assets at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 *Reclassification of financial assets* (continued)

Reclassification due to change in purpose or ability to hold

Securities companies are able to reclassify financial assets to appropriate categories upon changes in purpose or ability to hold, accordingly:

- ▶ Non-derivative financial assets at FVTPL or financial assets that are not required to classify as financial assets at FVTPL at initial recognition can be classified as loans and other receivables or as cash and cash equivalents if the requirements are met. The gains or losses arising from revaluation of financial assets at FVTPL prior to the reclassification are not allowed to be reversed;
- ▶ Due to changes in purpose or ability to hold, certain HTM investments are required to be reclassified into available-for-sale financial assets and measured at fair value. The difference arising from revaluation between carrying value and fair value are recognized as "Gain/(loss) from revaluation of assets at fair value" in owners' equity.

4.9 *Recognition of mortgaged financial assets*

During the year, the Company had mortgaged/pledged financial assets as collaterals for financial obligations of the Company.

According to the terms and conditions of the mortgage/pledge contracts, during the valid period of the contracts, the Company is not allowed to sell, transfer or use the mortgaged/pledged assets under repurchase agreements or swap contracts with any other third party.

In case the Company is unable to fulfill its obligations, the mortgagee/pledgee is allowed to use the mortgaged/pledged assets to settle the obligations of the Company after a specified period in the mortgage/pledge contracts after the due date.

The mortgaged/pledged assets are monitored in the Company's statement of financial position in accordance with accounting principles relevant to the assets' classification.

4.10 *Receivables*

Receivables are initially recognized at cost and are continuously presented at cost in subsequent periods.

Provision for receivables is determined based on the overdue status of debts or expected loss of current debts in case the debts are undue yet the organization has fallen into bankruptcy, is under dissolution process or has absconded; or individual who is being prosecuted, detained, on trial or under sentence or is suffering from fatal diseases (with medical certificate) or has deceased or the debts requested for sentence yet are unenforceable due to individual escaping or the debts sued for debt collection yet are under suspension. Provision expenses incurred are recorded in "Other operating expenses" in the income statement in the year.

Provision rates for overdue receivables are prescribed in Circular No. 48/2019/TT-BTC dated 08 August 2019 by the Ministry of Finance as follows:

<i>Overdue period</i>	<i>Provision rate</i>
From over six (06) months to less than one (01) year	30%
From one (01) year to less than two (02) years	50%
From two (02) years to less than three (03) years	70%
From over three (03) years	100%

Management also makes assessment on estimated losses of undue receivables based on qualitative factors and makes provision thereto.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Fixed assets

Fixed assets are stated at cost less accumulated depreciation or amortization. The cost of a fixed asset comprises of its purchase price and any directly attributable costs of bringing the fixed asset to working condition for its intended use.

Cost related to additions, improvements and renewals are capitalized while expenditures for maintenance and repairs (if any) are charged to the income statement when incurred.

When fixed assets are sold or liquidated, any gains or losses resulting from their disposal (the difference between the net proceeds from the sale of assets and the remaining value of the assets) are recorded to the income statement.

4.12 Depreciation and amortization

Depreciation of tangible and amortization of intangible assets are computed on a straight-line basis over the estimated useful lives of these assets as follows:

Machines and equipment	03 – 07 years
Office equipment	03 – 05 years
Other assets	05 years
Computer software	03 – 07 years

4.13 Leases

Whether an agreement is determined as a lease agreement depends on the nature of the agreement at the beginning; whether the implementation of the agreement depends on the use of a certain asset and whether the agreement includes terms on the rights of use of the asset.

Rentals under operating leases are charged to the income statement on a straight-line basis over the term of the leases.

4.14 Prepaid expenses

Prepaid expenses, including short-term prepaid expenses and long-term prepaid expenses in the statement of financial position, are amortized over the period for which the amounts are paid and in which economic benefits are generated in relation to these expenses.

The following expenses are recorded as long-term prepaid expenses and are amortized from one (01) year to three (03) years to the income statement:

- ▶ Maintenance expenses, software expenses;
- ▶ Office tools expenses and other prepaid expenses.

4.15 Borrowings

Borrowings of the Company are recorded and stated at cost at the end of the accounting period.

4.16 Payables and accrued expenses

Payables and accrued expenses are recognized for amounts to be paid in the future for interest of convertible bonds, goods and services received, whether or not billed to the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Employees' benefits

4.17.1 Retirement benefits

Retirement benefits are paid to retired employees of the Company by the Social Insurance Agency which belongs to the Ministry of Labour, Invalids and Social Affairs. The Company is required to pay social insurance premium to the Social Insurance Agency at the rate of 17.5% of an employee's basic salary on a monthly basis. Other than that, the Company has no further obligations.

4.17.2 Voluntary resignation benefits

Under Article 48 of the Vietnam Labour Code No. 10/2012/QH13 dated 01 May 2013, the Company has the obligation to pay allowance arising from voluntary resignation of employees. The allowance is equivalent to half of their monthly salary plus salary allowances (if any) for each year of employment until 31 December 2008. From 01 January 2009, the average monthly salary used in this calculation is the average monthly salary of the latest six-month period up to the resignation date.

4.17.3 Unemployment allowance

According to Circular No. 28/2015/TT-BLDTBXH providing guidelines for Article 52 of Labour Code and Decree No. 28/2015/ND-CP dated 12 March 2015 of the Government providing guidelines for the Labour Code regarding unemployment insurance, the Company is required to contribute to the unemployment insurance at the rate of 1% of salary and wage fund of unemployment insurance joiners and deduct 1% of monthly salary and wage of each employee to contribute to the unemployment insurance.

4.18 Foreign currency transactions

Transactions in currencies other than the Company's reporting currency ("VND") are recorded at the actual exchange rates at transaction dates which are determined as follows:

- ▶ Transactions resulting in receivables are recorded at the buying exchange rates of the commercial banks designated for collection;
- ▶ Transactions resulting in liabilities are recorded at the selling exchange rates of the commercial banks designated for payment;
- ▶ Capital contributions are recorded at the buying exchange rates of the commercial banks designated for capital contribution; and
- ▶ Payments for assets or expenses without liabilities initially being recognized is recorded at the buying exchange rates of the commercial banks that process these payments.

All foreign exchange differences incurred are taken to the income statement.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of receipts or receivables less trade discount, concessions and sales return. The following specific recognition criteria must also be met before revenue is recognized.

Revenue from brokerage services

Where the contract outcome can be reliably measured, revenue is recognized with reference to the stage of completion. Where the contract outcome cannot be reliably measured, revenue is recognized only to the extent that the incurred expenses would be recoverable.

Income from proprietary trading

Income from proprietary trading is determined by the difference between the selling price and the weighted average cost of securities sold.

Other incomes

Other incomes are income from irregular activities other than operating activities, including: income from disposals and sales of fixed assets; fines paid by customers for contract breaches; collection of insurance compensation; recoveries from bad debts previously written off; liabilities recognized as an increase in income as their owners no longer exist; collection of reduced and reimbursed tax; and other receipts recognizable as other income as stipulated by VAS 14 – Revenue and other incomes.

Interest income

Interest income is recognized on an accrual basis (including the effective yield on the asset) unless there is an uncertainty in the collectability.

Dividend

Dividends are recognized when the Company's right to receive payment is established. Stock dividends are not recognized as an increase in income of the Company, only the number of shares is updated.

Revenue from other services provided

When there is a certainty in determining contract performance, income would be recognized based on percentage of contract completion.

When a certainty in determining contract performance is unavailable, income would be recognized to the extent of recoverable amount of expenses incurred.

4.20 Interest expenses

Interest expenses include accrued interests from borrowings and interests arising from other services of the Company. Interest expenses are recognized on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.21 Corporate income tax

Current income tax

Current tax assets and liabilities for the current and prior year are measured at the amount expected to be paid to (or recovered from) the tax authorities using the tax rates and tax laws effective at the balance sheet date.

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

Current tax assets and liabilities are offset when there is a legally enforceable right for the Company to offset 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 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 for deferred tax liability arising 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 levied on deductible temporary differences, deductible amounts carried over to subsequent years of taxable losses, and unutilized tax advantages when it is likely that earnings are generated in foreseeable future to use deductible temporary differences, taxable losses and tax advantages, except for deferred tax asset arising 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.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that sufficient taxable profits will be available to allow all or part of the asset to be used. Unrecognized deferred tax assets are reassessed at the 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 expected to apply in the year when the asset is realized or the liability is settled based on tax rates and tax laws effective at the balance sheet date. Deferred income tax is charged or credited to the income statement, except when it relates to items recognized directly to equity, in this case, the deferred income tax is also directly recorded in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right for the Company to offset deferred tax assets against deferred tax liabilities relating to income tax levied by the same tax authority on either the same taxable entity or when the Company intends to settle its deferred tax assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

4.22 Owners' equity

Contributed capital

Contributed capital from stock issuance is recorded in the charter capital at par value.

Reserves

According to Circular No. 146/2014/TT-BTC dated 06 October 2014 by the Ministry of Finance, the Company is required to make appropriation of annual profit after tax to capital supplementary reserve and operational risk and financial reserve as follows:

	<u>Percentage of profit after tax</u>	<u>Maximum balance</u>
Capital supplementary reserve	5%	10% of charter capital
Operational risk and financial reserve	5%	10% of charter capital

Other reserves are appropriated in accordance with the Resolution of the General Meeting of Shareholders.

The Company did not make appropriation for these statutory reserves for the year ended 31 December 2020 due to accumulated losses incurred.

Undistributed profit

Undistributed profit comprises of realized and unrealized profit.

Unrealized profit of the year is the difference between gain and loss arising from revaluation of financial assets at FVTPL or other financial assets in the income statement under the Company's financial assets and deferred tax income/expenses in the year.

Realized profit during the year is the net difference between total revenue and income, and total expenses in the income statement of the Company, except for gain or loss arising from revaluation of financial assets recognized in unrealized profit.

Profit distribution

Net profit after tax is available for distribution to shareholders after being approved in the General Meeting of Shareholders and after making appropriation to reserves in accordance with the Company's Charter and Vietnamese regulatory requirements.

4.23 Nil balances

Items or balances required by Circular No. 210/2014/TT-BTC dated 30 December 2014, Circular No. 334/2016/TT-BTC dated 27 December 2016 and Circular No. 146/2014/TT-BTC dated 06 October 2014 issued by the Ministry of Finance that are not included in these financial statements indicate nil balance.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

5. CASH AND CASH EQUIVALENTS

	31/12/2020 VND	31/12/2019 VND
Cash at bank for operations of the Company	297,756,538	44,597,135,898
Cash equivalents	-	140,000,000,000
- Bank for Investment and Development of Vietnam – Thai Ha Branch	-	50,000,000,000
- Bank for Investment and Development of Vietnam – Ha Thanh Branch	-	10,000,000,000
- Military Commercial Joint Stock Bank – Hoang Quoc Viet Branch	-	50,000,000,000
- Joint Stock Commercial Bank for Foreign Trade of Vietnam – Transaction office	-	30,000,000,000
	297,756,538	184,597,135,898

Balances of cash equivalents include term deposits at commercial banks with terms less than 03 months at the interest rates as follows:

	31/12/2020 % per annum	31/12/2019 % per annum
Deposits in VND with terms less than 03 months	-	4.80 – 5.00

6. TRADING VALUE AND VOLUME DURING THE YEAR

	2020		2019	
	Trading volume unit	Trading value VND	Trading volume unit	Trading value VND
The Company	1,002,761	1,186,113,360,804	-	-
Shares	200	6,090,000	-	-
Bonds	1,002,250	567,124,888,300	-	-
Other securities	311	618,982,382,504	-	-
Investors	1,289,255,720	21,295,258,278,250	514,365,257	10,850,311,316,004
Shares	1,234,377,530	21,180,432,024,750	514,358,157	10,850,212,479,604
Other securities	54,878,190	114,826,253,500	7,100	98,836,400
Total	1,290,258,481	22,481,371,639,054	514,365,257	10,850,311,316,004

7. FINANCIAL ASSETS

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

	31/12/2020		31/12/2019	
	Cost VND	Fair value VND	Cost VND	Fair value VND
Shares				
Listed shares	21,383,058	15,839,180	21,383,058	12,482,630
UPCoM shares	1,080,300	194,600	1,080,300	277,500
Bonds				
Unlisted bonds	51,785,205,500	51,785,205,500	-	-
Total	51,807,668,858	51,801,239,280	22,463,358	12,760,130

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

7. FINANCIAL ASSETS (continued)

7.2 Held-to-maturity (“HTM”) investments

	31/12/2020 VND	31/12/2019 VND
Term deposits with terms of 03 months or more	105,500,000,000	294,875,685,000
- Bank for Investment and Development of Vietnam – Thai Ha Branch (*)	105,500,000,000	-
- Joint Stock Commercial Bank for Foreign Trade of Vietnam – Transaction office		50,110,000,000
- Military Commercial Joint Stock Bank – Hoang Quoc Viet Branch		50,000,000,000
- Bank for Investment and Development of Vietnam – Ha Thanh Branch		74,765,685,000
- Asia Commercial Bank - Hanoi Branch		50,000,000,000
- Saigon - Hanoi Joint Stock Commercial Bank – Van Phuc Branch		50,000,000,000
- Woori Bank Vietnam Limited – Ha Noi Branch		20,000,000,000
	105,500,000,000	294,875,685,000

(*) As at 31 December 2020, held-to-maturity investments are 12-month term deposits and earn interest at rates ranging from 5.4% p.a. to 5.6% p.a. (as at 31 December 2019, term deposits with terms ranging from 06 to 13 months earned interest at rates ranging from 4.3% p.a to 7.5% p.a).

7.3 Loans

	31/12/2020		31/12/2019	
	Cost VND	Fair value (**) VND	Cost VND	Fair value (**) VND
Margin lending (*)	287,772,444,276	287,772,444,276	45,976,732,939	45,976,732,939
Advance lending	104,461,637,785	104,461,637,785	21,114,445,000	21,114,445,000
Total	392,234,082,061	392,234,082,061	67,091,177,939	67,091,177,939

(*) Securities under margin activities are used as collaterals for the margin lendings granted by the Company to investors. The par value and market value of securities used as collaterals for margin lending are as follows:

	31/12/2020		31/12/2019	
	Face value VND	Market value VND	Face value VND	Market value VND
Securities used as collaterals	215,521,390,000	635,299,942,750	94,425,550,000	131,688,401,790

(**) The fair value of loans is measured at cost less provision for doubtful debts.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

7. FINANCIAL ASSETS (continued)

7.4 Changes in fair value of financial assets

Changes in fair value of financial assets as at 31 December 2020 are as follows:

Financial assets	Cost VND	Revaluation difference		Revaluation value VND
		Increase VND	Decrease VND	
FVTPL				
Shares				
Listed shares	21,383,058	2,791,352	(8,335,230)	15,839,180
UPCoM shares	1,080,300	44,190	(929,890)	194,600
Bonds				
Unlisted bonds	51,785,205,500	-	-	51,785,205,500
Total	51,807,668,858	2,835,542	(9,265,120)	51,801,239,280

Changes in fair value of financial assets as at 31 December 2019 are as follows:

Financial assets	Cost VND	Revaluation difference		Revaluation value VND
		Increase VND	Decrease VND	
FVTPL				
Listed shares	21,383,058	1,376,202	(10,276,630)	12,482,630
UPCoM shares	1,080,300	144,190	(946,990)	277,500
Total	22,463,358	1,520,392	(11,223,620)	12,760,130

8. RECEIVABLES

	31/12/2020 VND	31/12/2019 VND
Receivables from disposals of financial assets	2,880,000	-
Receivables from sales of listed shares	2,880,000	-
Receivables and accruals from dividend and interest income	2,854,589,348	4,302,995,555
Accrued interest from term deposits	1,716,608,220	4,066,144,896
Accrued interest from margin lending	1,125,006,631	236,334,435
Accrued interest from advance lending	12,974,497	516,224
	2,857,469,348	4,302,995,555

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

9. ADVANCES TO SUPPLIERS

	31/12/2020 VND	31/12/2019 VND
Coreflex Co., Ltd (*)	25,368,670,458	12,733,818,570
Goline Corporation	-	1,283,731,200
Other advances to suppliers	609,290,914	747,716,110
	<u>25,977,961,372</u>	<u>14,765,265,880</u>

(*) Represent 60% of total contract value advanced to Coreflex Co., Ltd ("Coreflex") under Business contract dated 5 September 2019 between the Company and Coreflex to set up the Vietnamese securities general ledger system for the Company (total contract value was KRW 2,186,071,480). At the same time, the Company recognized foreign contractor tax payables on behalf of Coreflex as other receivables (Note 11).

10. RECEIVABLES FROM SERVICES PROVIDED BY THE COMPANY

	31/12/2020 VND	31/12/2019 VND
Receivables from securities brokerage activities	54,913,693	46,311,859
Receivables from securities depository activities	-	107,739,235
	<u>54,913,693</u>	<u>154,051,094</u>

11. OTHER RECEIVABLES

	31/12/2020 VND	31/12/2019 VND
Foreign contractor tax arising from advances to Coreflex to implement its contract	2,819,957,469	1,416,085,037
Others	106,860,961	47,234,863
	<u>2,926,818,430</u>	<u>1,463,319,900</u>

12. SHORT-TERM DEPOSITS, COLLATERALS AND PLEDGES

	31/12/2020 VND	31/12/2019 VND
Deposit for expats' rentals	38,387,250	38,387,250
Deposit for data storage services	50,000,000	-
Others	4,050,000	3,050,000
	<u>92,437,250</u>	<u>41,437,250</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

13. SHORT-TERM PREPAID EXPENSES

	31/12/2020 VND	31/12/2019 VND
Software expenses	561,328,072	163,356,780
Prepaid rentals and tuition fees for expats' children	477,069,047	324,939,549
Data purchasing and internet expenses	360,292,073	130,190,655
Brand marketing and recruitment expenses	69,116,900	164,789,416
Real-time trading data supply services of Stock Exchanges	-	61,612,891
Tools and equipment	-	33,071,553
Other prepaid expenses	-	40,365,319
	<u>1,467,806,092</u>	<u>918,326,163</u>

14. TANGIBLE FIXED ASSETS

	<i>Machines & equipment</i> VND	<i>Office equipment</i> VND	<i>Other tangible fixed assets</i> VND	<i>Total</i> VND
Cost				
Opening balance	15,591,182,109	515,985,344	99,572,000	16,206,739,453
Additions	<u>3,655,080,000</u>	<u>718,704,000</u>	-	<u>4,373,784,000</u>
Closing balance	<u>19,246,262,109</u>	<u>1,234,689,344</u>	<u>99,572,000</u>	<u>20,580,523,453</u>
<i>In which:</i>				
- Fully depreciated tangible fixed assets in use	-	515,985,344	-	515,985,344
Accumulated depreciation				
Opening balance	748,955,408	515,985,344	4,978,599	1,269,919,351
Depreciation for the year	<u>2,430,464,876</u>	<u>113,345,723</u>	<u>19,914,396</u>	<u>2,563,724,995</u>
Closing balance	<u>3,179,420,284</u>	<u>629,331,067</u>	<u>24,892,995</u>	<u>3,833,644,346</u>
Net book value				
Opening balance	<u>14,842,226,701</u>	-	<u>94,593,401</u>	<u>14,936,820,102</u>
Closing balance	<u>16,066,841,825</u>	<u>605,358,277</u>	<u>74,679,005</u>	<u>16,746,879,107</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

15. INTANGIBLE ASSETS

	<i>Computer software VND</i>	<i>Total VND</i>
Cost		
Opening balance	8,873,200,501	8,873,200,501
Additions	<u>2,528,685,000</u>	<u>2,528,685,000</u>
Closing balance	<u>11,401,885,501</u>	<u>11,401,885,501</u>
Accumulated amortization		
Opening balance	1,177,260,664	1,177,260,664
Amortization for the year	<u>1,477,015,055</u>	<u>1,477,015,055</u>
Closing balance	<u>2,654,275,719</u>	<u>2,654,275,719</u>
Net book value		
Opening balance	<u>7,695,939,837</u>	<u>7,695,939,837</u>
Closing balance	<u>8,747,609,782</u>	<u>8,747,609,782</u>

16. CONSTRUCTION IN PROGRESS

	<i>31/12/2020 VND</i>	<i>31/12/2019 VND</i>
Software development	<u>2,232,405,318</u>	-
	<u>2,232,405,318</u>	-

17. LONG-TERM DEPOSITS, COLLATERALS AND PLEDGES

	<i>31/12/2020 VND</i>	<i>31/12/2019 VND</i>
Office rental deposits	735,157,500	735,157,500
House rental deposits	102,460,000	-
Other deposits	<u>5,000,000</u>	<u>15,000,000</u>
	<u>842,617,500</u>	<u>750,157,500</u>

18. LONG-TERM PREPAID EXPENSES

	<i>31/12/2020 VND</i>	<i>31/12/2019 VND</i>
Tools and equipment	1,852,989,735	2,470,596,902
Software expenses	473,620,151	455,752,552
Data purchasing and internet	4,160,000	-
Other prepaid expenses	<u>1,068,338,510</u>	<u>1,678,817,678</u>
	<u>3,399,108,396</u>	<u>4,605,167,132</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

19. PAYMENTS TO SETTLEMENT ASSISTANCE FUND

Payments to Settlement Assistance Fund represent the amount deposited at the Vietnam Securities Depository Center ("VSD").

According to circular No. 05/2015/TT-BTC dated 15 January 2015 by the Ministry of Finance providing regulations on the registration, depository, clearing and settlement of securities, Decision No. 45/QĐ-VSD dated 22 May 2014 on the promulgation of regulations on the management and use of the Settlement Assistance Fund by the General Director of the VSD, the Company is required to deposit an initial amount of VND 120 million at the VSD and pay an addition of 0.01% of the total amount of brokered securities in the prior year, but not over VND 2.5 billion p.a. The maximum contribution of each depository member being a securities company engaging in proprietary trading and brokerage services to the Settlement Assistance Fund is VND 20 billion.

Details of the payments to Settlement Assistance Fund are as follows:

	31/12/2020 VND	31/12/2019 VND
Initial balance	120,000,000	120,000,000
Additions	4,153,050,319	3,072,877,834
Distributed interest	280,985,645	184,367,426
	4,554,035,964	3,377,245,260

20. SHORT-TERM BORROWINGS

	31/12/2020 VND	31/12/2019 VND
Opening balance	-	-
Increase during the year	800,459,703,950	52,088,946,000
Decrease during the year	(760,914,703,950)	(52,088,946,000)
Short-term borrowings from credit institutions	39,545,000,000	-

Short-term borrowings as at 31 December 2020 include borrowing, under a 6 month credit contract, with interest rate of 4.20% p.a., and overdrafts, with interest rates from 5.40% p.a. to 5.60% p.a., from credit institutions for the purpose of supplementing working capital for the Company.

As at the end of the year, the short-term borrowings are secured by the Company's financial assets, whose fair value are:

	31/12/2020 VND	31/12/2019 VND
Term deposits	85,500,000,000	-
	85,500,000,000	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

21. PAYABLES FOR SECURITIES TRADING ACTIVITIES

	31/12/2020 VND	31/12/2019 VND
Payables to the Stock Exchanges	955,764,071	392,775,056
Payables to the VSD	66,112,939	44,556,995
	<u>1,021,877,010</u>	<u>437,332,051</u>

22. SHORT-TERM TRADE PAYABLES

	31/12/2020 VND	31/12/2019 VND
DTND Technology Finance Software Solution Company Limited	1,644,079,500	-
Yulchon Limited Liability Law Firm	165,000,000	-
Post Telecommunications Insurance Company – Thang Long Branch	106,787,910	-
TNL Lease property and Investment JSC	48,708,270	55,155,464
Van Tue Services Trading JSC	41,777,492	-
Corporate Customer Department – Branch of VNPT Vinaphone Corporation	15,725,600	50,218,872
Interactive Media Company Limited	-	85,800,000
Other trade payables	148,835,026	97,335,719
	<u>2,170,913,798</u>	<u>288,510,055</u>

23. TAX AND PAYABLES TO THE STATE

	31/12/2020 VND	31/12/2019 VND
Corporate income tax ("CIT")	-	-
Personal income tax ("PIT")	2,611,673,716	1,005,275,215
	<u>2,611,673,716</u>	<u>1,005,275,215</u>

Movements of taxation and statutory obligations during the year:

	Opening balance	Movements in the year		Closing balance
		Increases	Decreases	
PIT	1,005,275,215	15,465,134,472	13,858,735,971	2,611,673,716
Foreign contractor tax	-	1,598,310,570	1,598,310,570	-
Other taxes	-	3,000,000	3,000,000	-
	<u>1,005,275,215</u>	<u>17,066,445,042</u>	<u>15,460,046,541</u>	<u>2,611,673,716</u>

Unit: VND

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

24. SHORT-TERM ACCRUED EXPENSES

	31/12/2020 VND	31/12/2019 VND
Accrued expenses for Pinetree Securities Brand Launching Conference	474,606,110	474,606,110
Accrued audit expenses	300,000,000	200,000,000
Accrued software maintenance expenses under Contract No. 12/HDKT/Goline-HFT	150,000,000	150,000,000
Other accrued expenses	156,058,083	11,463,455
	<u>1,080,664,193</u>	<u>836,069,565</u>

25. OWNERS' EQUITY

25.1 Details of owners' equity

	31/12/2020		31/12/2019	
	VND	%	VND	%
Hanwha Investment and Securities Co., Ltd	605,050,000,000	98.38	605,050,000,000	98.38
Nguyen Huy Duong	9,879,000,000	1.61	9,879,000,000	1.61
Others	71,000,000	0.01	71,000,000	0.01
Total	<u>615,000,000,000</u>	<u>100.00</u>	<u>615,000,000,000</u>	<u>100.00</u>

25.2 Changes in owners' equity

	Contributed capital VND	Operational risk and financial reserve VND	Undistributed loss VND	Total VND
As at 1 January 2019	100,000,000,000	1,321,976,000	(13,857,614,568)	87,464,361,432
Net loss for the year	-	-	(4,651,252,636)	(4,651,252,636)
Increase during the year	515,000,000,000	-	-	515,000,000,000
Additional VAT payables due to Tax inspection minute	-	-	(14,134,014)	(14,134,014)
As at 31 December 2019	615,000,000,000	1,321,976,000	(18,523,001,218)	597,798,974,782
Net loss for the year	-	-	(23,409,563,073)	(23,409,563,073)
As at 31 December 2020	615,000,000,000	1,321,976,000	(41,932,564,291)	574,389,411,709

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

25. OWNERS' EQUITY (continued)

25.3 Changes in distribution to shareholders

	31/12/2020 VND	31/12/2019 VND
Realized loss undistributed at the beginning of the year	(18,513,297,990)	(13,857,614,568)
Realized loss for current year	(23,412,836,723)	(4,641,549,408)
Additional VAT payables due to Tax inspection minute	-	(14,134,014)
Realized loss undistributed at the end of the year	(41,926,134,713)	(18,513,297,990)

25.4 Shares

	31/12/2020		31/12/2019	
	Number of shares	VND	Number of shares	VND
Registered shares	61,500,000	615,000,000,000	61,500,000	615,000,000,000
Issued shares	61,500,000	615,000,000,000	61,500,000	615,000,000,000
- Ordinary shares	61,500,000	615,000,000,000	61,500,000	615,000,000,000
Circulating shares	61,500,000	615,000,000,000	61,500,000	615,000,000,000
- Ordinary shares	61,500,000	615,000,000,000	61,500,000	615,000,000,000

26. DISCLOSURES OF OFF-BALANCE SHEET ITEMS

26.1 Financial assets listed/registered for trading at the Vietnam Securities Depository ("VSD") of the Company

	31/12/2020 VND	31/12/2019 VND
Unrestricted financial assets	9,930,000	9,300,000
	9,930,000	9,300,000

26.2 Financial assets listed/registered for trading at the VSD of investors

	31/12/2020 VND	31/12/2019 VND
Unrestricted financial assets	732,505,550,000	463,641,070,000
Restricted financial assets	412,000,000	412,000,000
Mortgaged financial assets	523,400,000,000	523,400,000,000
Blocked financial assets	9,879,000,000	9,879,000,000
Financial assets awaiting settlement	89,664,770,000	27,964,900,000
	1,355,861,320,000	1,025,296,970,000

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

26. DISCLOSURES OF OFF-BALANCE SHEET ITEMS (continued)

26.3 Investors' deposits

	31/12/2020 VND	31/12/2019 VND
Investors' deposits for securities trading activities managed by the Company	266,804,499,176	57,459,574,493
- Domestic investors' deposits for securities trading activities managed by the Company	254,199,469,374	45,934,192,632
- Foreign investors' deposits for securities trading activities managed by the Company	<u>12,605,029,802</u>	<u>11,525,381,861</u>
	<u>266,804,499,176</u>	<u>57,459,574,493</u>

26.4 Payables to investors

	31/12/2020 VND	31/12/2019 VND
Payables to investors for deposits for securities trading activities managed by the Company	266,783,029,176	57,458,624,493
- Payables to domestic investors for deposits for securities trading activities managed by the Company	254,177,999,374	45,933,242,632
- Payables to foreign investors for deposits for securities trading activities managed by the Company	<u>12,605,029,802</u>	<u>11,525,381,861</u>
	<u>266,783,029,176</u>	<u>57,458,624,493</u>

26.5 Investors' payables for services of securities companies

	31/12/2020 VND	31/12/2019 VND
Payables for margin lending activities	288,897,450,907	46,213,067,374
Principal payables for margin lending activities	287,772,444,276	45,976,732,939
- Domestic investors	287,772,444,276	45,976,732,939
Interest payables for margin lending activities	1,125,006,631	236,334,435
- Domestic investors	1,125,006,631	236,334,435
Payables for advance lending activities	104,474,612,282	21,114,961,224
Principal payables for advance lending activities	104,461,637,785	21,114,445,000
- Domestic investors	104,461,637,785	21,114,445,000
Interest payables for advance lending activities	12,974,497	516,224
- Domestic investors	12,974,497	516,224

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

27. GAIN FROM FINANCIAL ASSETS

27.1 Gain/(loss) from disposals of financial assets at FVTPL

No.	Financial assets	Quantity unit	Selling price VND/unit	Proceeds VND	Weighted average cost at the end of transaction date VND	Gain/(loss) from disposal in the current year VND	Gain/(loss) from disposal in the prior year VND
I	GAIN FROM DISPOSAL						
1	Listed bonds	500,000	99,350	49,675,000,000	49,671,500,000	3,500,000	-
2	Unlisted bonds	1,100	189,163,213	208,079,534,200	207,913,648,600	165,885,600	-
3	Valuable papers	154	1,732,605,761	266,821,287,154	266,688,465,350	132,821,804	-
	Total	501,254	1,921,868,324	524,575,821,354	524,273,613,950	302,207,404	-
II	LOSS FROM DISPOSAL						
1	Listed shares	100	28,800	2,880,000	3,210,000	(330,000)	(3,847,500)
	Total	100	28,800	2,880,000	3,210,000	(330,000)	(3,847,500)

27.2 Gain from revaluation of financial assets at FVTPL

Financial assets	Cost VND	Fair value VND	Revaluation difference at the end of the year VND	Revaluation difference at the beginning of the year VND	Gain/(Loss) recorded in the current year VND	Increase VND	Decrease VND
FVTPL							
Shares	22,463,358	16,033,780	(6,429,578)	(9,703,228)	3,273,650	5,888,720	(2,615,070)
Listed shares	21,383,058	15,839,180	(5,543,878)	(8,900,428)	3,356,550	5,832,520	(2,475,970)
UPCoM shares	1,080,300	194,600	(885,700)	(802,800)	(82,900)	56,200	(139,100)
Bonds	51,785,205,500	51,785,205,500	-	-	-	-	-
Unlisted bonds	51,785,205,500	51,785,205,500	-	-	-	-	-
Total	51,807,668,858	51,801,239,280	(6,429,578)	(9,703,228)	3,273,650	5,888,720	(2,615,070)

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

27. GAIN FROM FINANCIAL ASSETS (continued)

27.3 Dividend, interest income from financial assets

	2020 VND	2019 VND
Financial assets at FVTPL	783,700	569,902
Term deposits	19,424,279,307	10,827,185,425
Loans	16,205,834,725	3,552,435,555
	<u>35,630,897,732</u>	<u>14,380,190,882</u>

28. EXPENSES FOR BROKERAGE SERVICES

	2020 VND	2019 VND
Securities trading brokerage expenses	5,748,618,213	3,214,939,809
Salaries expenses for collaborators & other expenses	2,372,187,881	1,656,782,339
Salaries and other benefits for employees	19,726,657,368	4,919,691,425
Depreciation and amortization expenses	3,914,974,230	1,256,965,424
Advertising and marketing expenses	3,634,944,471	-
IT services expenses (maintenance, upgrading, connection, network)	4,225,485,415	345,911,450
Other expenses	3,384,775,754	1,406,627,506
	<u>43,007,643,332</u>	<u>12,800,917,953</u>

29. FINANCIAL INCOME

	2020 VND	2019 VND
Interest income from payments to Settlement Assistance Fund in the year	280,985,645	184,367,426
Interest income from demand deposits	563,559,300	364,865,128
	<u>844,544,945</u>	<u>549,232,554</u>

30. FINANCIAL EXPENSES

	2020 VND	2019 VND
Interest expenses	651,443,069	64,586,147
	<u>651,443,069</u>	<u>64,586,147</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

31. GENERAL AND ADMINISTRATIVE EXPENSES

	2020 VND	2019 VND
Employees expenses	17,112,674,034	6,287,594,528
Office supplies	71,586,361	51,924,699
Tools and equipment	633,522,622	511,323,382
Depreciation and amortization expenses	125,765,820	53,599,170
Tax, fees and charges	697,013,326	3,000,000
Outsourcing expenses	9,234,884,385	6,826,881,191
Other expenses	37,870,591	3,000,000
	<u>27,913,317,139</u>	<u>13,737,322,970</u>

32. CURRENT CORPORATE INCOME TAX ("CIT")

32.1 Current CIT expenses

The Company's tax reports are subject to examination by the tax authorities. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amount reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

Current CIT payables are determined based on taxable income of the year. Taxable income differs from the one reported in the income statement since taxable income excludes incomes which are taxable or expenses which are deducted in prior years due to the differences between the Company's accounting policies and the tax regulations. It also excludes non-taxable income and non-deductible expenses. The current CIT payable of the Company is calculated based on the statutory tax rates applicable at the end of the year. The Company is obliged to pay CIT at the rate of 20% (in 2019: 20%) of the total taxable profit under Circular No. 78/2014/TT-BTC effective from 02 August 2014.

The estimated current CIT of the Company is represented in the table below:

	2020 VND	2019 VND
Loss before tax	(23,409,563,073)	(4,741,811,631)
<i>Plus</i>		
- Non-deductible expenses	-	38,474,666
- Loss from revaluation of financial assets at FVTPL	1,315,150	-
<i>Minus</i>		
- Dividend received	(783,700)	(569,902)
Estimated current taxable loss	(23,409,031,623)	(4,703,906,867)
CIT rate	20%	20%
Estimated CIT expenses	-	(90,558,995)
CIT payables at the beginning of the year	(90,558,995)	33,505,843
CIT adjustment in accordance with tax finalization	-	(90,558,995)
CIT paid in the year	-	(33,505,843)
CIT receivables at the end of the year	<u>(90,558,995)</u>	<u>(90,558,995)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

32. CURRENT CORPORATE INCOME TAX ("CIT") (continued)

32.2 Tax losses carried forward

The Company is entitled to carry tax loss forward to offset against taxable income arising within five years subsequent to the year in which the loss was incurred. As at 31 December 2020, the Company has aggregated accumulated tax losses of VND 36,879,443,348 (as at 31 December 2019: VND 13,466,606,625) available for offset against future taxable income.

Details of losses carried forward are as follows:

<i>Accounting period</i>	<i>Can be utilized up to</i>	<i>Taxable loss VND</i>	<i>Loss utilized as at the end of the year VND</i>	<i>Loss allowed to carry forward as at the end of the year VND</i>
2015 (*)	2020	(8,734,498,222)	-	(8,734,498,222)
2019 (*)	2024	(4,732,108,403)	-	(4,732,108,403)
2020	2025	(23,412,836,723)	-	(23,412,836,723)
		(36,879,443,348)	-	(36,879,443,348)

(*) Tax loss as per tax finalization

The Company has not recognized deferred income tax on these accumulated losses carried over from prior years due to uncertainty that future taxable profit will allow the offsetting against these losses.

33. LOSS PER SHARE

	<u>2020</u>	<u>2019</u>
Loss after tax distributed to ordinary shareholders – (VND)	(23,409,563,073)	(4,651,252,636)
Weighted average outstanding ordinary shares (number of shares)	<u>61,500,000</u>	<u>26,129,121</u>
Basic loss per share (VND/share)	<u>(381)</u>	<u>(178)</u>

34. RELATED PARTIES TRANSACTIONS

List of related parties and relationships with the Company is as follows:

<i>Related parties</i>	<i>Relationship</i>
Mr. Nguyen Huy Duong	Member of the Board of Directors

Details of significant transactions with related parties for the year ended 31 December 2020 and 31 December 2019 are as follows:

<i>Related parties</i>	<i>Description</i>	<u>2020 VND</u>	<u>2019 VND</u>
Mr. Nguyen Huy Duong	Rentals	-	(48,000,000)

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

34. RELATED PARTIES TRANSACTIONS (continued)

Related parties being individuals

Remuneration of members of the Board of Directors

	2020 VND	2019 VND
General Director	4,425,027,905	1,355,532,858
	4,425,027,905	1,355,532,858

35. OPERATING LEASES COMMITMENTS

	31/12/2020 VND	31/12/2019 VND
Within one year	3,234,693,000	3,234,693,000
From one year to five years	1,886,904,250	5,121,597,250
	5,121,597,250	8,356,290,250

36. PURPOSES AND POLICIES OF FINANCIAL RISK MANAGEMENT

The Company's financial liabilities comprise mostly loans and borrowings, payables to suppliers and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company has loans, trade and other receivables, cash and short-term deposits that arise directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk.

Risk management is integral to the whole business of the Company. The Company has a system of controls in place to maintain an acceptable balance between the cost arising from risks and the cost of managing the risks. Management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

Management reviews and agrees policies for monitoring each of these risks which are summarized below:

36.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. There are four types of market risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits and investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk due to changes in interest rate relates primarily to cash and short-term deposits, held-to-maturity investments and loans. Financial liabilities have fixed interest rates.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

36. PURPOSES AND POLICIES OF FINANCIAL RISK MANAGEMENT (continued)

36.1 *Market risk* (continued)

The Company manages interest rate risk by looking at the competitive structure of the market to identify a proper interest rate policy which is favorable for its purposes within its risk management limits. No analysis on interest sensitivity is performed since the Company's exposure to risk of changes in interest rate is insignificant.

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (in which revenue or expense is denominated in a different currency from the Company's accounting currency).

The Company does not have foreign currency balance as at the balance sheet date. Therefore, Management considers foreign exchange risk of the Company is insignificant. The Company does not use any derivatives as a hedging instrument.

36.2 *Equity price risk*

Listed and non-listed securities which are held by the Company are affected by market risk arising from the uncertainty of future value of invested securities. The Company manages equity price risk by establishing investment limits. The Company's Operational Management Division considers and approves decisions on investment in securities.

At the date of the financial statements, the fair value of the investments in listed shares and UPCoM shares of the Company was VND 16,033,780 (as at 31 December 2019: VND 12,760,130). If market index decreases by 10%, the Company's profit after tax will decrease by VND 1,603,378, depending on its magnitude and length as well as the Company's ownership position of securities which have significant influence on market index.

36.3 *Credit risk*

Credit risk is the risk that a counterparty would not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily for loans and receivables) and from its financing activities, including deposits with banks.

Receivables

Customer credit risk is managed by the Company based on its established policies, procedures and controls relating to customer credit risk management.

Outstanding customer receivables are regularly monitored. Customer credit quality's impairment is analyzed at each reporting date on an individual basis for major clients. The Company closely monitors outstanding receivables and operates a credit control unit to mitigate credit risk. Due to the fact that the Company's receivables relate to a large number of diversified customers and corresponding collateral assets, there is no significant concentration of credit risk.

Deposits at banks

The Company's bank balances are mainly maintained with high credit rating banks in Vietnam. Credit risk from balances with banks is managed by the Company's accounting department in accordance with the Company's policy. The Company evaluates the concentration of credit risk in respect to bank deposits as low.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

36. PURPOSES AND POLICIES OF FINANCIAL RISK MANAGEMENT (continued)

36.3 Credit risk (continued)

Margin lending and advances to customers

The Company manages its credit risks via the use of internal control policies, processes and procedures relevant to margin lending and advances to customers. The Company only allows margin lending for permitted securities which are in accordance with regulations for margin lending and which are rated using the Company's quality assessment principles for securities. Credit limit is controlled on the basis of collaterals, credit worthiness of customers and other indicators on control limits.

The Company's Management assesses that all financial assets are not overdue and not impaired because these financial assets are related to customers who are reputable and have payment capability as shown below:

	<i>Neither overdue nor impaired VND</i>	<i>Overdue but not impaired VND</i>	<i>Overdue and impaired VND</i>	<i>Total VND</i>
Cash at bank and cash equivalents	297,756,538	-	-	297,756,538
HTM investments	105,500,000,000	-	-	105,500,000,000
Loans	392,234,082,061	-	-	392,234,082,061
Receivables	2,857,469,348	-	-	2,857,469,348
Receivables from services provided by the Company	54,913,693	-	-	54,913,693
Other receivables	2,926,818,430	-	-	2,926,818,430
Advances to suppliers	25,977,961,372	-	-	25,977,961,372
Short-term deposits, collaterals and pledges	92,437,250	-	-	92,437,250
Long-term deposits, collaterals and pledges	842,617,500	-	-	842,617,500
Prepaid expenses	4,866,914,488	-	-	4,866,914,488
Total	535,650,970,680	-	-	535,650,970,680

36.4 Liquidity risk

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

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

The Company assesses that the level of risk concentration on debt repayment is low and that the Company is able to access capital resources.

The below table summarizes the payment period of the Company's financial liabilities based on the expected payments under contracts as at 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

36. PURPOSES AND POLICIES OF FINANCIAL RISK MANAGEMENT (continued)

36.4 *Liquidity risk* (continued)

	Overdue VND	Current VND	Less than 1 year VND	From 1 – 5 years VND	More than 5 years VND	Total VND
FINANCIAL ASSETS						
Cash and cash equivalents	-	297,756,538	-	-	-	297,756,538
Financial assets at fair value through profit or loss ("FVTPL")	-	51,801,239,280	-	-	-	51,801,239,280
Held-to-maturity ("HTM") investments	-	-	105,500,000,000	-	-	105,500,000,000
Loans	-	-	392,234,082,061	-	-	392,234,082,061
Receivables	-	-	2,857,469,348	-	-	2,857,469,348
Receivables from services provided by the Company	-	-	54,913,693	-	-	54,913,693
Other receivables	-	-	2,926,818,430	-	-	2,926,818,430
Fixed assets	-	-	-	3,918,934,471	21,575,554,418	25,494,488,889
Payments to Settlement Assistance Fund	-	4,554,035,964	-	-	-	4,554,035,964
Total assets	-	56,653,031,782	503,573,283,532	3,918,934,471	21,575,554,418	585,720,804,203
FINANCIAL LIABILITIES						
Short-term borrowings	-	-	39,545,000,000	-	-	39,545,000,000
Payables for securities trading activities	-	-	1,021,877,010	-	-	1,021,877,010
Short-term trade payables	-	-	2,170,913,798	-	-	2,170,913,798
Tax and payables to the State	-	-	2,611,673,716	-	-	2,611,673,716
Short-term accrued expenses	-	-	1,080,664,193	-	-	1,080,664,193
Total liabilities	-	-	46,430,128,717	-	-	46,430,128,717
Net liquidity difference	-	56,653,031,782	457,143,154,815	3,918,934,471	21,575,554,418	539,290,675,486

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at 31 December 2020 and for the year then ended

37. EVENTS AFTER THE BALANCE SHEET DATE

In 2020, the Board of Directors of Pinetree Securities Corporation has approved to implement the offering plan to increase charter capital under private placement in accordance with the Resolution of the General Meeting of Shareholders No. 02/2020/NQ-DHDCD dated 09 December 2020. Accordingly, the total number of shares offered through private placement to under 100 strategic investors was 20,000,000 shares.

According to Document No. 96/UBCK-QLKD by the State Securities Commission dated 13 January 2021 on the report on private offering results by Pinetree Securities Corporation, as at 07 January 2021, the aforementioned number of shares has been issued in full at the price of VND 20,000 per share.

The Covid-19 pandemic is resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Company operates. The Company's management has continuously monitored ongoing developments and assessed the financial impact in respects of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved, using the best information obtained up to the date of this report.

There is no other matter or circumstance that has arisen since the balance date that requires adjustment or disclosure in the financial statements of the Company.

Prepared by:



Ms. Tran Thi Minh Hien
Accountant

Reviewed by:



Ms. Dinh Thi Lan Phuong
Chief Accountant

Approved by:



Mr. Lee Jun Hyuck
General Director

Hanoi, Vietnam

15 March 2021